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# MINISTRY BUSINESS PLAN



1998/99 to 2000/01

**Alberta**  
AGRICULTURE, FOOD AND  
RURAL DEVELOPMENT





**Ministry of Agriculture,  
Food and Rural Development**

**Business Plan**

**1998/99 to 2000/01**

Additional copies of the Ministry's Three Year Business Plan can be obtained by contacting the department's Administration Division at (403) 427-2151. Also, copies of the Ministry's Research Plan can be obtained by contacting Research Division at (403) 427-1956, and copies of the Ministry's Regulatory Reform Workplan can be obtained by contacting the Policy Secretariat at (403) 422-2070.





# Agriculture, Food and Rural Development

## Business Plan 1998/99 to 2000/01

### Accountability Statement

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*This Business Plan for the three years commencing April 1, 1998 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at January 20, 1998 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.*

*The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.*



Ed Stelmach  
Minister of Agriculture, Food and Rural Development  
January 21, 1998

## Accountability Statement

This document is a statement of accountability for the work of the Department of Agriculture, Food and Rural Development (DAF) for the period 1998/99 to 2000/01. It sets out the key objectives and outcomes of the Department's work, and provides a summary of the progress made towards these objectives. The statement is intended to provide a clear and concise overview of the Department's performance, and to demonstrate its commitment to transparency and accountability.

The Department's primary objective is to ensure the sustainable development of the agricultural sector, and to support the rural economy. This is achieved through a range of policies and programmes, including the provision of financial support to farmers, the promotion of research and innovation, and the implementation of measures to improve the environment. The Department also works to ensure that the agricultural sector is able to meet the needs of society, and to provide a high standard of food safety and quality.

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# Agriculture, Food and Rural Development

## Business Plan 1998/99 to 2000/01

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## Introduction

- The agri-food sector continues to be a key contributor to Alberta's economic prosperity:
  - Farm production is Alberta's largest renewable resource-based industry. In 1996, the primary sector generated a record \$6.4 billion in farm cash receipts, representing 22.6 percent of Canada's primary agricultural output. Alberta farmers continue to increase their farm cash receipts relative to other provinces. Alberta averaged 20.1 percent of Canada's primary output between 1989 and 1993.
  - Secondary processing, including food and beverage processing industries, is Alberta's largest manufacturing sector in the province. Shipments also set a new record for output in 1996 at \$6.6 billion in sales. Alberta shipments now represent 12.1 percent of Canadian food and beverage shipments, up from the average 10.9 percent over the period 1989 to 1993.
  - Primary agriculture and the food and beverage manufacturing industry together were the third largest employer in the province in 1996. Employment in agriculture and food averaged 116,200 people during 1996.
- The agri-food sector offers significant potential for expansion in the years ahead:
  - The industry and the Ministry believe there is a global market opportunity for Alberta's industry to grow to \$20 billion in value-added shipments and \$10 billion in farm cash receipts by 2005.
  - Achieving these growth levels would result in a sizable increase in direct employment in primary production and in the food and beverage sector, as well as contributing to the further development of rural Alberta.
- The Ministry (which includes the department and nine agencies<sup>1</sup>) is committed to working with others to help the industry realize its potential.
- The Ministry contributes to rural development by encouraging technology adoption, leadership and skill development, economic growth, environmental stewardship, risk management, physical infrastructure and regulations that are aligned with the goals and opportunities of self-reliant communities and industries.
- This document is the Ministry's fifth three-year business plan. It outlines further refinements to AFRD's programs, policies and procedures to respond to client needs, while dealing with fiscal realities.

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<sup>1</sup> The nine agencies reporting to the Minister are Agriculture Financial Services Corporation (AFSC); Alberta Agricultural Research Institute (AARI); Alberta Dairy Control Board (ADCB); Farmers' Advocate; Irrigation Council; Surface Rights Board; Land Compensation Board; Agricultural Products Marketing Council; and Alberta Grain Commission.



- AFRD contributes to the government's three core businesses - ***People, Prosperity and Preservation***. Our primary focus is on the second core business - working with others to promote prosperity for Alberta through a strong, market-driven agriculture and food industry. **"Agriculture is Growing More Than Food... It's Growing Alberta"**.

## Business Plan Foundation

### Shared Industry/Government Vision

- AFRD's strategic direction continues to be based on the shared industry/government vision developed through the 1992/93 ***Creating Tomorrow*** public consultation process and the 1997 renewed public consultation led by the Agriculture and Food Council, which resulted in the following updated vision and goals.

Growing Alberta: Accelerating global competitiveness in food, agriculture and agri-business.

- Goal 1: To increase Alberta's share of world food, agriculture and agri-business markets.
- Goal 2: To improve sustainable resource and environmental management.
- Goal 3: To expand the vision, competency and quality of life of people in the industry.

- The Agriculture and Food Council was formed as a result of the ***Creating Tomorrow*** consultation process and includes a broad representation of leaders from industry, government and the educational community. Since 1992/93, Council has been active in working with Alberta's agriculture and food industry and government to realize the vision.

### Ministry Vision, Mission and Goals

- Vision: **We are a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.**
- Mission: **We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.**
- Goals:
  1. Improved access to domestic and world market opportunities.
  2. Improved competitiveness of industry commodities, products and services.
  3. Increased amount of value added to industry commodities, products and services.
  4. Increased diversity of industry commodities, products and services.
  5. Increased responsibility of industry to manage risk.
  6. Improved environmental stewardship.
  7. Improved management of the Ministry's resources.
- In addition to the above, a number of AFRD's agencies have developed their own mission and goals which are compatible with the Ministry's direction.



## Primary Clients

- AFRD will continue to direct most of its efforts towards its primary clients - defined as: **those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.**

## Measurable Results

- The Ministry contributes to 15 of the government's 23 core performance measures as identified in the 1996/97 *Measuring Up* document (*Measuring Up: Third Annual Report on the Performance of the Government of Alberta*).
- In addition, the Ministry's seven overall performance measures reflect change at the macro level. These macro measures with related benchmarks, forecasts and targets are included on pages 10 and 11.
- Forecasts for 1996 measures as set out in last year's business plan were exceeded in the following instances:
  - value of out-of-province shipments above by 3.1 percent,
  - value of shipments of the food and beverage industry above by 3.1 percent,
  - farm cash receipts above by 10.3 percent,
  - land productivity above by 0.2 percent, and
  - employment in agriculture and food above by 5.6 percent.
- Government program payments to Alberta farmers were forecast to be \$255 million in 1996. Actual payments were just \$150 million as a result of lower payments under the Crop Insurance and Farm Income Disaster Programs.
- The contribution by the agriculture and food industry to the 1996 provincial gross domestic product was 5.16 percent compared to the forecast of 5.45 percent. Even though the agri-food industry had an excellent year, Alberta energy sector prices and exports were substantially higher than anyone had projected. The total gross provincial product for Alberta rose more than did the contribution by the agriculture and food industry.
- AFRD's department and agencies have also developed specific key results, performance measures and indicators particular to their operations. These are included in their respective business plans.
- All of these measures are being monitored in an effort to identify opportunities and concerns to guide future action.

## Core Business and Strategies

- The mission statement describes the Ministry's core business of enabling industry growth. Key Strategies for application in 1998/99 to 2000/01 include:
  - Develop and administer essential policy and legislation.
  - Develop new information and technology through research and development.
  - Package and transfer information and technology.
  - Provide opportunities for people in industry and the Ministry to increase essential knowledge, skills and abilities.
  - Develop and implement opportunities for cost sharing, cost recovery and privatization.
  - Provide essential financial support and offer unique financial services to help customers fulfil their business goals.
  - Manage public lands for agricultural, industrial and public benefit.
  - Facilitate regional development to maximize geographic comparative advantages.
  - Encourage stronger strategic business alliances in the industry.
- Further specific strategies and actions for 1998/99 to 2000/01 are included in the department and agency business plans.

## Key Directions

- The Ministry remains committed to facilitating the growth and development of the industry, while looking for new and innovative ways to improve its products and services and reduce net spending.
- Research and value-added development continue to be areas of increased emphasis.
- The Ministry will seek to continue its provincial agencies. Under the sunset clause of the Financial Administration Act, all provincial agencies are discontinued on January 1, 1999 unless they are specifically continued by the Legislature.
- Significant actions to be implemented over the next three years include:

Goal	Significant Actions for 1998/99 to 2000/01
Goal 1: Improved Market Access	<ul style="list-style-type: none"> <li>• Increase marketing choices for Alberta's farmers by: <ul style="list-style-type: none"> <li>• Introducing diversity in marketing alternatives.</li> <li>• Providing choices in the marketing of grain.</li> <li>• Building on and supporting the new open marketing system for hogs.</li> </ul> </li> <li>• Support improved quality and safety of Alberta's food products to increase consumer acceptance.</li> <li>• Advocate trade liberalization for agriculture and food commodities.</li> <li>• Continue to enhance ministry capabilities in economic and market research, opportunity identification, and competitive intelligence.</li> <li>• Facilitate feeder cattle movement between the U.S. and Canada.</li> <li>• Focus on Alberta/Canada beef achieving improved Chinese market penetration.</li> </ul>
Goal 2: Improved Competitiveness of Industry Commodities, Products and Service	<ul style="list-style-type: none"> <li>• Advocate changes to marketing, handling and transportation operations to achieve cost reductions to farmers, accountability and efficiency.</li> <li>• Strengthen supply chain development through initiatives such as the Pork Quality Assurance Program and the Pork Alta Fund.</li> <li>• Expand the delivery of the Ministry's extension and business management information on the Internet.</li> <li>• Investigate crop insurance alternatives like: <ul style="list-style-type: none"> <li>• premium based whole farm insurance;</li> <li>• weather based coverage;</li> <li>• non-subsidized private sector price insurance; and</li> <li>• private sector reinsurance initiatives.</li> </ul> </li> <li>• In response to client needs, as expressed in the results of the highly positive 1997 survey of district offices' services, continue to provide unbiased, integrated extension services to the agricultural industry through a network of front-line specialists.</li> <li>• Assist industry bridge the gap between research and industry adoption.</li> <li>• Foster the implementation of quality assurance programs from production to retailing.</li> <li>• Encourage the further development of private sector capability for laboratory testing and quality assurance.</li> <li>• Encourage and conduct research that will improve crop and livestock production while sustaining and improving resources.</li> <li>• Encourage private industry to increase its delivery of information services.</li> <li>• Continue to implement the Ministry's Regulatory Reform Work plan by: <ul style="list-style-type: none"> <li>• reviewing all remaining Ministry regulations, including the Marketing Plans and Regulations of all 16 Boards and Commissions, by 1998/99;</li> <li>• updating operating procedures to reduce the costs of regulatory compliance by Albertans, and to improve internal operating efficiency; and</li> <li>• reviewing the Irrigation Act and all Ministry Acts to update penalties for offenses.</li> </ul> </li> </ul>
Goal 3: Increased Value Added	<ul style="list-style-type: none"> <li>• Continue to work with the management of AVAC Ltd. to encourage the long-term growth and development of the agri-food and fibre sector.</li> <li>• Increase industry's ability to attract equity capital by promoting investment opportunities and identifying sources of capital in new markets.</li> <li>• Work with investors to provide expanding value added businesses with investment capital.</li> <li>• Assist new entrepreneurs and existing processors to pursue business opportunities.</li> <li>• Through the Agriculture Value-Added Engineering Centre and the Food Processing Development Centre, partner with industry to conduct research, produce information, and encourage the adoption of new or better value added processes.</li> </ul>



Goal	Significant Actions for 1998/99 to 2000/01
Goal 4: Increased Diversity of Industry Commodities, Products and Services	<ul style="list-style-type: none"> <li>• Identify and support opportunities for the development of new ways to use agricultural products.</li> <li>• Conduct industry-driven analytical research to identify nutraceutical opportunities for potential Alberta products.</li> <li>• Facilitate the development and commercialization of plant biotechnology in Alberta.</li> <li>• Conduct and fund research and development into diversified crops, livestock and food products.</li> <li>• Continue to develop unique, specialized financial products and services for the commercialization of new value added businesses.</li> <li>• Develop crop insurance for new and emerging crops.</li> <li>• Continue applied research on the potential for grass carp production in the province.</li> <li>• In conjunction with Alberta's Irrigation Districts, develop a comprehensive set of maintenance guidelines to ensure investment in irrigation infrastructure is protected for the long term.</li> </ul>
Goal 5: Increased Responsibility of Industry to Manage Risk	<ul style="list-style-type: none"> <li>• Conduct an evaluation of the Farm Income Disaster Program pilot project.</li> <li>• Use the Beginning Farmer Program to assist more new farmers to enter the industry, become viable and increase primary production in Alberta.</li> <li>• Develop and evaluate crop insurance coverage concepts to allow customers to customize insurance protection to their business needs.</li> <li>• Develop and implement a new set of Canada-Alberta safety net agreements.</li> <li>• In partnership with others, implement provincial and national farm safety programs.</li> <li>• Modify the provincial rural business management program to respond to the federal downloading of farm management training programs.</li> <li>• Examine alternative means of delivering the Farm Fuel Distribution Allowance in 1998/99, including a review of potential misuse of the program.</li> </ul>
Goal 6: Improved Environmental Stewardship	<ul style="list-style-type: none"> <li>• Work with the Alberta Environmentally Sustainable Agriculture (AESAs) Council to promote improved stewardship in the industry.</li> <li>• Participate in the implementation of government policy resulting from the Agricultural Lease Review Committee's recommendations.</li> <li>• Develop and implement a Livestock Expansion and Development (LEAD) team to assist the livestock industry to expand in an environmentally responsible manner.</li> <li>• In partnership with Environmental Protection and industry, develop and implement an efficient, self-directed Wellsite Reclamation Program.</li> <li>• Identify and recommend changes to proposed federal and provincial environmental legislation (e.g., Environmental Protection Act and endangered species legislation) where the legislation has the potential to adversely affect agricultural production and the property rights of Alberta farmers.</li> <li>• Develop a Peer Review Board to help resolve nuisance and environmental disputes arising from intensive livestock operations under the Agriculture Operations Practices Act (Alberta's right to farm legislation).</li> <li>• Develop options, in consultation with stakeholders, for a new regulatory approach to intensive livestock operations.</li> <li>• Continue to work with Patrons' Associations to convert all Provincial Grazing Reserves to grazing management agreements by December 31, 1998.</li> <li>• Work with partners, customers and the public to deliver the Special Places Program.</li> </ul>

Goal	Significant Actions for 1998/99 to 2000/01
Goal 7: Improved Management of the Ministry's Resources	<ul style="list-style-type: none"> <li>• Continue to work with the Agriculture and Food Council and the Alberta Economic Development Authority Agriculture Committee to integrate strategic plans and policies within the industry's vision and goals.</li> <li>• Subject to successful negotiations with federal and municipal governments, transfer the responsibility for provincial food inspection to a federal/provincial corporation.</li> <li>• Explore with industry, ways to privatize brand inspection.</li> <li>• Implement an integrated electronic information management system which increases the quality of public land use decision-making and improves client service.</li> <li>• Privatize the direct delivery of fee-for-service programs for irrigation management, on farm irrigation systems evaluation, and water licensing application support and drainage.</li> <li>• Encourage farmers to make use of Environment Canada's weather forecasting services as a replacement for the Ministry's Farm Weather Line Service, which is to be discontinued in March 1998.</li> <li>• Evaluate the privatized insurance adjusting services pilot project in Central Alberta.</li> <li>• Maintain the lowest administrative delivery costs for crop insurance of any jurisdiction in North America, as it has been for the past seven consecutive years.</li> <li>• Replace or enhance AFSC's computer systems to improve customer service and address year 2000 issues.</li> <li>• Develop and implement a more formalized process to obtain customer feedback on Ministry performance.</li> <li>• Develop a Ministry leadership and succession planning system.</li> <li>• Continue to amalgamate Public Lands, Regional Advisory Services, and AFSC Lending and Insurance offices.</li> <li>• Implement new financial and human resource systems to improve management information and reduce costs.</li> <li>• Initiate a pilot project in knowledge management to strengthen the Ministry's efficiency and capability in harvesting, storing, managing and sharing information with the objective of providing better customer service.</li> </ul>

## Attachment 1: Ministry Macro Performance Measures

Note: Unless otherwise stated, the 1989-1993 Benchmarks for all measures are five year averages for 1989 to 1993. Sources for data are Statistics Canada and Alberta Agriculture, Food and Rural Development.

### 1. Percentage of Canadian Farm Cash Receipts Alberta farmers and ranchers account for.

Alberta Farm Cash Receipts							
	1989-1993 Benchmark	1995 Actual	1996 Estimate	1997 Forecast	1998 Forecast	1999 Forecast	2001 Target
Total Receipts (\$000)	460,4076	5,890,913	6,401,492	6,400,000	6,600,000	6,700,000	6,800,000
Alberta as a % of Canada	20.1	21.8	22.6	24.0	24.0	24.0	24.0

### 2. Government program payments to Alberta farmers and ranchers.

Direct Program Payments							
	1989-1993 Benchmark	1995 Actual	1996 Estimate	1997 Forecast	1998 Forecast	1999 Forecast	2001 Target
Total Payments (\$000)	556,781	177,378	149,889	240,000	240,000	240,000	240,000
Payments as a % of Farm Cash Receipts	12.1	3	2.3	3.8	3.6	3.6	3.5

(Note: Direct program payments represent dollars paid directly to Alberta farmers and ranchers from provincial and federal programs. Program payments presented here are not net of producer premiums).

### 3. Percentage contributed by Alberta's food and beverage industry of Canada's total value of shipments.

Alberta Food and Beverage Industries' Value of Shipments							
	1989-1993 Benchmark	1995 Actual	1996 Estimate	1997 Forecast	1998 Forecast	1999 Forecast	2001 Target
Total Value of Shipments (\$000)	4,866,687	6,334,620	6,604,554	7,200,000	7,700,000	8,300,000	11,000,000
Alberta as a % of Canada	10.9	11.6	12.1	12.9	13.3	14.1	15.5



**4. Value of shipments of agriculture and food products from Alberta to other provinces and countries.**

**Value of Out-of-Province Shipments of Agriculture and Food Products**

	1989-1993 Benchmark	1995 Actual	1996 Estimate	1997 Forecast	1998 Forecast	1999 Forecast	2001 Target
Total Value (\$000)	4,141,224	6,479,612	6,700,000	6,700,000	7,000,000	7,400,000	8,500,000

**5. Importance of Alberta agriculture, food and beverage industries relative to Alberta's gross domestic product.**

**Contribution to Alberta's Gross Domestic Product**

	1989-1993 Benchmark	1995 Actual	1996 Estimate	1997 Forecast	1998 Forecast	1999 Forecast	2001 Target
% of total GDP	4.8	4.97	5.16	5.11	5.2	5.2	5.4

**6. Employment in agriculture and food.**

**Employment (thousands of people)**

	1989-1993 Benchmark	1995 Actual	1996 Estimate	1997 Forecast	1998 Forecast	1999 Forecast	2001 Target
Primary Agriculture	88	96	96	97	100	105	120
Food and Beverage	<u>17.3</u>	<u>17.4</u>	<u>20.2</u>	<u>21.5</u>	<u>23</u>	<u>25</u>	<u>30</u>
Total	105.3	113.4	116.2	118.5	123	130	150

**7. Alberta land productivity indicator.**

**Output (tonnes/acre)**

	1971-1980 Benchmark	1995 Actual	1996 Estimate	1997 Forecast	1998 Forecast	1999 Forecast	2001 Target
Indicator	0.783	0.962	0.952	0.962	0.969	0.97	0.973

(Note: This indicator is the best available proxy for long-term land productivity. Crop production per acre for the various crops grown in the province was converted to a standard base - tonnes per acre of wheat. This conversion allows for differences in yields of the various crops. Although soil degradation is still a concern on some lands, most producers use land management practices which will ensure long-term sustainability of agriculture in Alberta.)

## **Attachment 2: Alberta Growth Summit - 1997**

- The Alberta Growth Summit consultation process was designed to look ahead and provide ideas on where Albertans want Alberta to be in 2005, and on the public and private sector strategies needed to get there.
- The Summit results, which were published in October 1997, set a positive and constructive framework for government decision making for the years ahead.
- AAFRD's Business Planning cycle starts in April of each year. Since the Summit results were not available until well into our 1998/99 planning process, AAFRD used the Summit recommendations as a check. Based on our review, we believe our 1998/99 - 2000/01 Plan is generally consistent with the direction outlined in Growth Summit - 1997.
- The Summit, however, has provided significant "food for thought" for planning in the coming years
- The Ministry believes some 106 of the 277 recommendations in the Growth Summit Final Report either currently involve or could involve AAFRD in a meaningful way.
- AAFRD has recently outlined a number of new initiatives which directly respond to Summit recommendations. Examples include announcements related to the intensive livestock sector and a proposed study to consider the potential environmental challenges connected with growth in the agriculture industry.
- In addition, the Ministry has embarked on a process to:
  - a) prioritize the 106 recommendations; and
  - b) identify possible initiatives for the Ministry in priority areas.
- AAFRD is committed to ensure the Growth Summit recommendations are a key input into our planning process for 1999/00 - 2001/02 and beyond, and in that context, to look for ways to reallocate funds to address the priorities.
- The Summit deliberations identified a key role for industry in both leading and partnering. Our sincere hope is that industry will also take up the challenge and consider how they too can participate in response to the Growth Summit recommendations. Our combined efforts will be necessary to ensure growth benefits both present and future Albertans.

## Attachment 3: Highlights of Ministry Progress in 1997/98

Goal	1997/98 Progress
Goal 1: Improved Market Access	<ul style="list-style-type: none"> <li>Established open marketing system for hogs in cooperation with the Alberta Pork Producers Development Corporation.</li> <li>Continued to provide information in support of Alberta's grain marketing choice position.</li> <li>Established an industry-government trade policy group in preparation for the 1999 WTO agriculture negotiations.</li> <li>Helped to initiate Canada-USA producer dialogue on grains trade under the auspices of the Pacific Northwest Economic Region.</li> <li>Signed the Beef Technical Agreement with the Minister of Agriculture for China, which will improve the Alberta beef industry's access to the Chinese market.</li> <li>Established a Competitive Intelligence Unit and completed an assessment of Australian competition with Alberta for the Japanese Beef Market.</li> </ul>
Goal 2: Improved Industry Service, Quality and Cost Competitiveness	<ul style="list-style-type: none"> <li>Established Beef, Hog and Sugar Beet Development Funds with producer groups and Agriculture and Agri-Food Canada to assist with production, product research and development that will enhance the competitiveness of these industries and maximize future returns for producers.</li> <li>Established a pool of private sector capital (Pork Alta Fund) focussed on financing intensive hog operations.</li> <li>Expanded food safety initiatives such as "birth/soil to retail" trace back systems to support local and international confidence in Alberta's agriculture and food products.</li> <li>Negotiated a \$9.5 million federal-provincial Adaptation and Rural Development Fund to be managed by The Agriculture and Food Council.</li> <li>Pursued private sector reinsurance to supplement and replace existing public sector reinsurance funds - this initiative could significantly reduce the risk to provincial budgets.</li> <li>Won several prestigious Canadian and American awards for the Ministry's Internet site "Repin' the Web".</li> <li>Expanded the Green Certificate Program to Alberta high schools and provided apprenticeship-style production and management training to nearly 400 students.</li> <li>Achieved very high returns to the economy, \$78 million to \$1 million invested, from 15 matching grants projects funded by the ARI, as demonstrated by a consultant's study.</li> <li>ARI managed both the National and Canada/Alberta Beef Industry Development Fund research programs for the beef industry.</li> </ul>
Goal 3: Increased Value Added	<ul style="list-style-type: none"> <li>Worked with the newly incorporated, not-for-profit Agriculture Value Added Corporation to foster research and development into the commercialization of value-added products.</li> <li>Through joint outgoing trade missions of the Ministry and the Alberta Economic Development Authority, contacted venture capital and other potential investment firms in central Canada and the eastern USA to discuss opportunities in Alberta's agri-food processing industry.</li> <li>Conducted outgoing and incoming trade missions to attract Asian investment in Alberta's agri-food processing industry.</li> <li>Developed new alliances with private sources of capital and facilitated the access of this capital into expanding value added businesses.</li> </ul>



Goal	1997/98 Progress
Goal 3: Increased Value Added (continued)	<ul style="list-style-type: none"> <li>Sponsored the "Pursuit of Quality - A Sustainable Growth Study for the Alberta Agri-Food Sector", by Toma and Bouma Management Consultants, with the purpose of identifying future growth scenarios for the primary production and processing sectors of the agri-food industry and determining what industry and government initiatives might be required to achieve growth objectives.</li> <li>Secured funding for the Agricultural Value-Added Engineering Centre, which will partner with industry to conduct research, produce information, and encourage the adoption of new or better value added processes.</li> <li>Reorganized and trained the Commercial Financial Services staff to improve AFSC's ability to work with the value added sector towards achieving the \$20 billion goal.</li> <li>ARI developed a new Value Added Technology Transfer program, funded from the Canadian Adaptation and Rural Development Fund and managed by the Agriculture and Food Council.</li> </ul>
Goal 4: Increased Diversity of Industry Commodities, Products and Services	<ul style="list-style-type: none"> <li>Continued with research and development that produces results for industry in the areas of crop production, livestock production, food products and markets.</li> <li>In cooperation with the 13 irrigation districts and the Alberta Irrigation Projects Association, made significant progress in developing the information required to assess the impact of water shortages associated with the expansion of irrigation.</li> <li>Assisted an MLA task force with public hearings which provided input to the task force's recommendations for revisions to the legislation governing irrigation districts.</li> </ul>
Goal 5: Increased Responsibility of Industry to Manage Risk	<ul style="list-style-type: none"> <li>Increased promotion of the Farm Income Disaster Program (FIDP) and expanded farmer and accountant training programs in 1997/98.</li> <li>Loans Officers focussed on counselling farmers in the wet areas to help them continue as viable operations.</li> <li>Implemented a more flexible and higher valued crop insurance program to complete the three year plan to reduce and reallocate agriculture safety net funding.</li> <li>Revised existing AFSC products to respond to farmers experiencing multiple year crop losses.</li> <li>Reduced the interest rate on AFSC's Beginning Farmer Program to 7.5 percent from 9 percent, effective April 1, 1998.</li> <li>Continued to work with other governments and industry to promote farm safety using mass media awareness campaigns involving children and teens, and an interactive computer program.</li> <li>Made FIDP available earlier for those who want to file 1997 claims early in 1998.</li> <li>Operated a private sector pilot project in the Red Deer region to evaluate private sector delivery of insurance adjusting services.</li> </ul>
Goal 6: Improved Resource Stewardship	<ul style="list-style-type: none"> <li>Privatized the cattle management component on an additional 13 provincial grazing reserve operations through the negotiation of agreements with Patrons' Associations, which brings the total of such agreements to 22.</li> <li>Established a Livestock Expansion and Development Team to provide the expertise needed to support responsible livestock expansion and development in Alberta.</li> <li>Commissioned an Environmental Impact Study to further assess the effect of agriculture on the environment and ways to minimize that effect.</li> <li>Worked with industry and other levels of government to find ways to improve the sustainability of livestock production and manure management through research, monitoring, technology transfer, and support for regulatory compliance.</li> <li>Launched the Alberta Environmentally Sustainable Agriculture Program, which doubled the provincial funding for environmental programming from \$2.5 to \$5.0 million.</li> </ul>

Goal	1997/98 Progress
Goal 6: Improved Resource Stewardship (continued)	<ul style="list-style-type: none"> <li>Assisted in the establishment of the Alberta Environmentally Sustainable Agriculture Council, which is as an industry-driven organization that promotes improved stewardship in the industry.</li> <li>Distributed \$4.3 million to 67 agricultural service boards for local pest and weed control programs, and for soil and water conservation programs.</li> <li>Provided support to the Agricultural Lease Review Committee to undertake a series of public meetings across the province.</li> </ul>
Goal 7: Improved Management of the Ministry's Resources	<ul style="list-style-type: none"> <li>AFSC continued to be in the top two lowest administrative delivery cost jurisdictions in North America.</li> <li>Privatized Provincial Agro-Forestry (Shelterbelt) Program on April 1, 1997.</li> <li>Worked toward harmonizing responsibility for provincial food inspection in partnership with the new Canadian Food Inspection Agency, subject to successful negotiations with federal and municipal governments.</li> <li>Implemented an integrated electronic information management system which increases the quality of public land use decision-making and improves client service.</li> <li>Conducted a work climate survey of Department staff, the results of which indicated that, compared to the results of the 1995 survey, staff feel more satisfied with their jobs; believe managers have improved in the sharing of information with them; feel they were consulted to a greater extent than before about decisions that affect their work; and consider they have a better understanding about how their work contributes to achievement of the Ministry business plan.</li> <li>Launched a three-year Human Resource Development Plan in the Department, which includes initiatives for increasing staff skills, knowledge, flexibility, and the recognition they receive.</li> <li>AFSC established a President's award program to recognize staff contributions to excellence in internal and external customer service.</li> <li>Developed a "Leadership in Agriculture" program in cooperation with the Banff Management Centre as part of the Ministry's succession plan.</li> <li>Through a Central Training Fund, assisted approximately 20 Department employees with the cost of post-graduate education, and assisted hundreds of employees with the cost of specialized technical training and/or competency training.</li> <li>Implemented a "Career Milestone" program to recognize Department employees who have provided 25 or more years of service to the people of Alberta.</li> <li>Implemented the first phase of a new financial system which will improve corporate financial management and prepared for the implementation a new Payroll/Human Resource systems for the Department which will improve corporate human resource management services.</li> <li>AFSC commenced work on replacing its insurance information technology systems and financial system to improve customer service and be compliant for operation in the year 2000.</li> <li>Throughout the Ministry, work began to ensure all information technology is year 2000 compliant.</li> <li>AFSC's internal audit group began restructuring and training to become more risk focussed.</li> <li>Commenced discussions with industry to facilitate the transfer of responsibility for brand inspection from government to industry.</li> <li>Transferred the Alberta Irrigation Management Program to the private sector.</li> <li>Transferred the Growing Alberta public awareness program to the private sector.</li> <li>Transferred responsibility for Central Milk Testing to the Western Dairy Herd Improvement Services.</li> <li>Merged Barrhead and Vermilion Regional AFSC offices.</li> </ul>

**Attachment 4:      Agriculture, Food and Rural Development  
Ministry Consolidated Income Statement**

(\$000)	Comparable 1996/97 Actual	Comparable 1997/98 Estimates	Comparable 1997/98 Forecast	1998/99 Estimates	1999/00 Target	2000/01 Target
<b>REVENUE</b>						
Internal Government Transfers	180,599	172,851	163,111	177,342	177,722	181,963
Transfers from Government of Canada	46,479	119,968	98,625	78,946	87,606	87,122
Investment Income	105,617	82,590	81,048	63,339	61,630	59,835
Premiums, Fees and Licences	105,119	103,798	93,818	99,014	98,321	96,872
Other Revenue	13,676	4,283	10,343	4,979	5,105	5,054
<i>Consolidation Adjustments</i>	<i>(180,599)</i>	<i>(172,851)</i>	<i>(163,111)</i>	<i>(177,342)</i>	<i>(177,722)</i>	<i>(181,963)</i>
<b>Consolidated Revenue</b>	<b>270,891</b>	<b>310,639</b>	<b>283,834</b>	<b>246,278</b>	<b>252,662</b>	<b>248,883</b>
<b>EXPENSE</b>						
<b>Programs:</b>						
Farm Income Support	119,705	99,962	91,315	103,220	104,938	106,696
Lending	18,423	20,051	19,613	15,524	15,976	16,370
Insurance	117,916	211,293	123,701	202,871	199,187	199,010
Departmental Support Services	15,229	16,057	16,581	19,538	20,408	20,547
Planning and Development	18,493	17,208	16,628	18,339	18,415	18,426
Production, Processing and Marketing	70,342	35,132	39,869	36,077	33,532	33,587
Field Services	25,251	25,268	27,269	27,805	27,880	26,812
Public Lands	10,211	9,376	10,286	10,389	8,892	8,095
Agricultural Research Assistance	10,403	10,659	11,202	12,254	10,365	10,120
Irrigation Rehabilitation Infrastructure	21,392	14,700	14,702	17,200	17,200	17,200
<b>Valuation Adjustments</b>	<b>2,867</b>	<b>2,307</b>	<b>2,427</b>	<b>1,850</b>	<b>2,230</b>	<b>3,110</b>
<b>Transfers to Own Funds and Agencies</b>	<b>167,778</b>	<b>172,851</b>	<b>163,111</b>	<b>177,342</b>	<b>177,722</b>	<b>181,963</b>
<i>Consolidation Adjustments</i>	<i>(167,778)</i>	<i>(172,851)</i>	<i>(163,111)</i>	<i>(177,342)</i>	<i>(177,722)</i>	<i>(181,963)</i>
<b>Consolidated Program Expense</b>	<b>430,232</b>	<b>462,013</b>	<b>373,593</b>	<b>465,067</b>	<b>459,023</b>	<b>459,973</b>
<b>Debt Servicing Costs</b>						
Agriculture Financial Services Corporation	73,662	67,997	60,211	60,075	52,948	53,949
<b>Consolidated Expense</b>	<b>503,894</b>	<b>530,010</b>	<b>433,804</b>	<b>525,142</b>	<b>511,971</b>	<b>513,922</b>
<b>LOSS ON DISPOSAL OF CAPITAL ASSETS</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUE (EXPENSE)</b>	<b>(233,006)</b>	<b>(219,371)</b>	<b>(149,970)</b>	<b>(278,864)</b>	<b>(259,309)</b>	<b>(265,039)</b>



# **Appendix 1    Department of Agriculture, Food and Rural Development**

## **Business Plan 1998/99 to 2000/01**

### **Table of Contents**

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## Executive Summary

- The department's fifth, three-year business plan continues to build on previous plans. The plan sets out department strategies and actions through to 2000/01 to help achieve Ministry goals and meet the Ministry's mission. The plan is consistent with overall government direction. It continues to be customer-driven, reflecting a broad range of input, as expressed through a number of formal and informal consultation processes.
- The department fully believes the agriculture and food sector offers the opportunity for strong growth in the years ahead. This growth will be led by an expanding value-added sector, which in turn will lead to growth in the primary industries and the further development of rural Alberta. Increased primary production and the potential for increase, as in the case of hogs and specialty crops such as potatoes, will attract investment in processing opportunities.
- The department will continue to work with others to facilitate the growth and development of the industry in line with available opportunities.
- We believe that our actions have made a difference in past, and that our plans will make a strong contribution to the growth and development of the agriculture and food industry, and the strength and prosperity of Alberta in the future.

## Mission and Goals

- The department is fully committed to the Ministry's mission:  
  
**We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.**
- In addition, it has adopted and contributes to the seven Ministry goals.
  1. Improved access to domestic and world market opportunities.
  2. Improved competitiveness of industry commodities, products and services.
  3. Increased amount of value added to industry commodities, products and services.
  4. Increased diversity of industry commodities, products and services.
  5. Increased responsibility of industry to manage risk.
  6. Improved environmental stewardship.
  7. Improved management of the Ministry's resources.

## Measurable Results

- The importance of having meaningful measures to monitor progress is recognized by all staff.
- The department supports the seven macro measures included in the Ministry plan, which are good overall measures to reflect industry change in line with defined goals. In addition:
  - the department has developed indicators for each of the seven goals (as outlined in the "Action Plans" which follow), and has identified measures for each of these indicators,
  - divisions and branches continue to develop sets of measures specific to their areas, and
  - employees have been encouraged to identify measures related to their individual performance, as part of the Employee Performance Development Process.
- While there is still work to be done, the intent is that all of these measures will be monitored to support strategic and operational planning and decision making.

## Action Plans for 1998/99 to 2000/01

- While the department is proposing a number of new initiatives, many of the actions are continuations of those presented last year. **Consistent with the presentation in our previous plans, actions which are new or have changed significantly are designated with a "★". Ongoing actions are preceded by a "■".**
- The Ministry is charged with a lead role in rural development. This involves efforts of all provincial departments, other levels of government, the private sector and communities themselves.
- The Ministry, in cooperation with these partners, "steers" the rural development process, emphasizing:
  - a supportive fiscal, social and regulatory climate;
  - a balanced emphasis on social, economic and environmental priorities; and,
  - the united efforts of the community, the private sector and government.

The intent is that skilled, motivated community leaders have access to information and resources to take responsibility for the development of their communities and businesses.

- While we believe the actions listed on the following pages in support of the agriculture and food industry also support rural development, a number of our proposed actions directly relate to the Ministry's rural development responsibilities. These are:
  - Provide leadership in the development of partnerships and alliances to improve rural development resources and programs.



- In partnership with industry and appropriate organizations, design, create, and deliver educational resources and provide training which meets the needs of a diverse clientele, including producers, processors, farm employees, commodity groups, community leaders, rural youth and volunteers.
- Continue to promote an integrated approach to support rural business development.
- Work with local community partners, such as service clubs, agricultural societies and 4-H, to design and implement a program to develop the entrepreneurial skills of rural youth.
- Continue the 4-H Key Leader Program and recruit more private sector sponsorship.
- Continue to work closely with rural organizations such as agricultural societies and agricultural service boards to ensure proper infrastructure and programming is in place to support rural development.

## Goal #1: Improved access to domestic and world market opportunities.

Key Results:	Indicators:
<ul style="list-style-type: none"><li>Improved ability of Alberta's agri-food industry to assess and respond to market opportunities.</li><li>Increased market share in new and existing markets.</li></ul>	<ul style="list-style-type: none"><li>Alberta's market share for priority products in priority markets.</li><li>Regulatory impediments.</li></ul>

### Strategies:

- Increase the availability of strategic market information for use by industry in assessing opportunities.
- Encourage industry to take advantage of available opportunities in the global marketplace.
- Develop and advocate policies that improve market access.
- Strengthen core capabilities and skills in international trade disputes and/or help overcome trade constraints.

### Actions:

#### **Market Opportunities, Information, and Access:**

- Develop timely, accurate and accessible market access information and ensure clients and partners are aware of market opportunities and constraints.
- Support the development of industry capability to conduct market research and collect, analyse and transfer market information.
- Continue to enhance department capabilities in economic and market research, opportunity identification, and competitive intelligence.
- Provide opportunities for clients and partners to increase their knowledge and awareness of international markets.
- Encourage the industry to expand its networking to improve its effectiveness.
- Encourage improved market-readiness.
- Continue to allocate most market intelligence and research development resources towards priority geographic areas and priority products.
- Support improved quality and safety of Alberta's food products to increase consumer acceptance.
- Focus on Alberta/Canada belief achieving improved Chinese market penetration.
- Finalize the long-term approach regarding the role of AFRD's U.S. office.
- Undertake a pilot project to investigate the merits of recognizing pest-free zones in Alberta.
- Encourage industry adoption of international food processing standards and quality assurance programs such as Hazard Analysis Critical Control Point (HACCP).
- Assist Alberta agri-food industries in trade dispute resolutions and/or help overcome trade irritants and constraints.

- Collect animal health information necessary to support continued access to domestic and international markets.
- Facilitate feeder cattle movement between the U.S. and Canada.

### ***Policy Adjustment:***

- Focus actions on policy issues with the greatest potential for growth and development of Alberta's agriculture and food industry.
- Increase marketing choices for Alberta farmers by:
  - Introducing diversity in marketing alternatives.
  - Providing choices in the marketing of grain.
  - Building on and supporting the new open marketing system for hogs.
- Recommend changes to federal and provincial policies and programs to allow industry to make effective/efficient use of opportunities arising from the World Trade Organization (WTO) Agreement and the North American Free Trade Agreement (NAFTA).
- Advocate trade liberalization for agriculture and food commodities.
- ★ Work with agri-food industry partners in the development of a united and market-oriented trade policy position for the 1999 WTO agriculture negotiations.
- Advocate further reductions in interprovincial trade barriers by supporting an expansion in the scope and coverage of the internal trade agreement.
- Work with partners to resolve and prevent trade litigation.



**Goal #2: Improved competitiveness of industry commodities, products and services.**

<b>Key Results:</b>	<b>Indicators:</b>
<ul style="list-style-type: none"><li>• Improved ability of Alberta's industry to meet its customers' needs.</li><li>• Improved industry cost structures.</li></ul>	<ul style="list-style-type: none"><li>• Industry cost per unit of output.</li><li>• Quality of industry products and services.</li></ul>

**Strategies:**

- Encourage and conduct research targeted at those areas with the greatest potential for sustainable growth or significant improvement in efficiency and marketability.
- Improve the transfer of integrated and unbiased technology and information to assist industry competitiveness and market responsiveness.
- Encourage greater private sector involvement in conducting and funding research and in the delivery of information, technology and services.
- Enhance public awareness of the industry.
- Develop and administer an improved legislative, regulatory and policy environment that enhances competitiveness.

**Actions:**

***New Information and Technology:***

- Encourage and conduct research that will improve crop and livestock production, while sustaining and improving resources.
- Collect, collate and evaluate research from around the globe.
- Strengthen partnerships with private and public research organizations to ensure key research capabilities are maintained.
- Continue to develop networks, multi disciplinary teams, and joint research with private and public, provincial, national and international organizations to ensure that high priority research is done and unnecessary duplication is avoided.
- Encourage private sector organizations to assume greater responsibility for research important to their respective interests.
- Continue the emphasis of the Alberta Farm Machinery Research Centre toward the evaluation of complete systems (cropping, harvesting, storage, processing).
- Undertake research to improve management systems for confinement livestock operations that minimize environmental concerns.
- Support precision farming research and technology transfer.
- Support industry-directed genetic improvement research and development for crops and livestock.
- ★ Strengthen supply chain development through initiatives such as the Pork Quality Assurance Program and the Pork Alta Fund.

### ***Technology Transfer and Skill Development:***

- Strengthen the department's core capabilities in key technology, knowledge and skill areas.
- In conjunction with industry and other stakeholders, continue to offer quality educational programs and conferences
- Together with industry, develop and implement user-friendly electronic communications:
  - Expand the delivery of the department's extension and business management information on the Internet
  - Maintain and further develop an Internet home page for each field office, within AFRD's Website
  - Aggressively market the department's Internet site to industry.
  - Maintain those portions of SPERG (a database of government programs and services) on the Internet that are not covered by "Ropin the Web" or other websites.
- Encourage private industry to increase its delivery of information services.
- Encourage the further development of private sector capability for laboratory testing and quality assurance.
- Advance the humane and responsible care of animals in livestock operations.
- In response to client needs, as expressed in the results of the highly positive 1997 survey of district offices' services, continue to provide unbiased, integrated extension services to the agricultural industry through a network of front-line specialists.
- Assist industry to bridge the gap between government research and industry adoption.

### ***Industry and Consumer Awareness:***

- In partnership with industry, develop agricultural education awareness resources and train educators in the use of appropriate strategies, which promote an unbiased understanding of the agriculture and food industry in both rural and urban communities.
- Foster the implementation of quality assurance programs from production to retailing.

### ***Regulatory and Policy Framework:***

- Strive to keep the overall government costs of doing business in Alberta more competitive than elsewhere in North America.
- Advocate changes to marketing, handling and transportation operations to achieve cost reductions to farmers, accountability and efficiency.
  - Advocate change in rail car allocation practices.
- Respond to the needs and opportunities which arise in the industry in response to the federal decision respecting the federal hopper cars.
- Work with industry and other governments to ensure the effective use of industry development funds made available under the Agricultural Safety Net Management Agreement.
- Continue to implement the Ministry's Regulatory Reform Work plan by:
  - reviewing all remaining Ministry regulations, including the Marketing Plans and Regulations of all 16 Boards and Commissions, by 1998/99;
  - updating operating procedures to reduce the costs of regulatory compliance by Albertans, and to improve internal operating efficiency; and
  - reviewing the Irrigation Act and all Ministry Acts to update penalties for offenses.

**Goal #3: Increased amount of value added to industry commodities, products and services.**

<b>Key Results:</b>	<b>Indicators:</b>
<ul style="list-style-type: none"><li>• Increased quantity of marketable products processed in Alberta.</li><li>• Growth and development of the value-added sector.</li></ul>	<ul style="list-style-type: none"><li>• Total value added to agricultural commodities.</li><li>• New investment in value-added development.</li></ul>

**Strategies:**

- Work in partnership with others to develop opportunities, reduce constraints, and encourage new and expanded value-added production in Alberta.

**Actions:**

**Value Added:**

- Continue to work with the management of AVAC Ltd. to encourage the long-term growth and development of the agri-food and fibre sector.
- Encourage research and the commercial development of new value-added products, including high-value primary products.
- Support and promote technological advances in the food processing industry that increase value added.
- Increase industry's ability to attract equity capital by promoting investment opportunities and identifying sources of capital in new markets.
- Encourage existing and prospective entrepreneurs to prepare well-developed business plans.
- Place more emphasis on attracting new investment.
- Identify constraints and advocate the removal of distortions that inhibit industry's ability to add value, and work to resolve selected issues (e.g., Canada Transportation Act, Canada Grain Act, Canadian Wheat Board Act, taxation inequities).
- Assist producers in meeting and exceeding the specialized needs of their value-added customers by encouraging the adoption of on-farm quality assurance programs.
- Partner with industry in sponsoring major value-added conferences and seminars.
- Work with appropriate commodity and agri-food groups to develop new food product information materials.
- Continue support for the Alberta Food Processors Association.
- Work with investors to provide investment capital for expanding value-added businesses.
- Assist new entrepreneurs and existing processors to pursue business opportunities.
- ★ Through the Agricultural Value-Added Engineering Centre (AVEC) and the Food Processing Development Centre, partner with industry to conduct research, produce information, and encourage the adoption of new or better value added processes.



## ***Policy***

- ★ Continue to strongly advocate changes to federal policies which discourage value adding, including those in the grain sector
- ★ Press the federal government to pursue a trade policy that is supportive of value-added, e.g., zero-for-zero tariffs in oilseeds products and other manufactured food products.

#### **Goal #4: Increased diversity of industry commodities, products and services.**

<b>Key Results:</b>	<b>Indicators:</b>
<ul style="list-style-type: none"><li>• Increased number of marketable commodities grown, raised and processed in Alberta.</li><li>• Growth in the production and sales of non-traditional commodities, products and services.</li></ul>	<ul style="list-style-type: none"><li>• Value of production of non-traditional commodities and products.</li></ul>

#### **Strategies:**

- Continue to encourage more diverse, commercially sustainable production in Alberta.
- Support rehabilitation of irrigation infrastructure and optimal use of water resources allocated to irrigation.

#### **Actions:**

##### ***Diversification:***

- Conduct and fund research and development into diversified crops, livestock and food products.
- Identify and support opportunities for the development of new ways to use agricultural products.
- Maintain a catalogue of references and training materials on new ventures and diversification alternatives on AFRD's Internet Website.
- Continue to utilize the Food Processing Development Centre to provide technical information, conduct product/process development projects, conduct sensory evaluations and provide pilot plant support for final stage development and interim processing projects.
- Facilitate the development and commercialization of plant biotechnology in Alberta.
- Continue applied research on the potential for grass carp production in the Province.
- Develop audio-visual and printed information on organic farming that will respond to increased producer interest in this area.
- ★ Update legislation governing irrigation districts.
- Continue the collection and analysis of irrigation water requirement information to support the Year 2000 Water Management Review for the South Saskatchewan Basin.
- ★ In conjunction with Alberta's Irrigation Districts, develop a comprehensive set of maintenance guidelines to ensure investment in irrigation infrastructure is protected for the long term.
- ★ Conduct industry-driven analytical research to identify neurticeutical opportunities for potential Alberta products.
- Support the development of a quality assurance component of value-added programs.

- Provide leadership in client value-added and food safety research projects.
- Continue to develop unique, specialized financial products and services for the commercialization of new value added businesses.
- ★ In partnership with the horticulture industry, develop a greenhouse crops centre of excellence, which would provide industry with an opportunity for access to leading edge research directly applicable to the Alberta greenhouse industry.
- ★ Encourage new crop diversification initiatives in partnership with Agriculture and Agri-Food Canada (AAFC), and private sector.



## **Goal #5: Increased responsibility of industry to manage risk.**

<b>Key Results:</b>	<b>Indicators:</b>
<ul style="list-style-type: none"><li>• Increased use of new and existing marketing, processing, production and financial risk management information and tools by the industry.</li><li>• Effective safety net programs compatible with international trade obligations.</li></ul>	<ul style="list-style-type: none"><li>• Variability in agriculture and food industries' receipts.</li><li>• Government payments to the agriculture and food industries.</li></ul>

### **Strategies:**

- Encourage increased knowledge and skills that will help minimize risk from adverse events.
- In conjunction with AFSC and others, continue to advocate an effective whole-farm safety net approach.

### **Actions:**

#### ***Risk Management Information:***

- Provide information and training to increase the awareness and understanding of risk management tools.
- Develop and provide information on preventing and managing livestock and plant diseases.
- In cooperation with municipal governments across Alberta, undertake active prevention and treatment programs for the control of Dutch Elm disease.
- Conduct further research on protective clothing and agricultural pharmaceutical waste disposal.
- In partnership with others, implement provincial and national farm safety programs.
- ★ In partnership with the irrigation districts and Alberta Irrigation Projects Association, develop information required to assess probability of water shortages and the impact on irrigation producers.
- ★ Modify the provincial rural business management program to respond to the federal shift away from direct classroom training as part of farm management training programs.

### ***Safety Nets:***

- Conduct an evaluation of the Farm Income Disaster Program pilot project.
- Evaluate and report on federal-provincial safety net agreements for program and cost-sharing effectiveness.
- ★ Develop and implement a new set of Canada-Alberta safety net agreements.
- ★ Examine alternative means of delivering the Farm Fuel Distribution Allowance in 1998/99, including a review of potential misuse of the program.
- ★ Conduct an evaluation of disaster assistance responses affecting agriculture.
- ★ In partnership with others, implement provincial and national farm safety programs.

## Goal #6: Improved environmental stewardship.

Key Results:	Indicators:
<ul style="list-style-type: none"><li>• Improved and sustainable soil and water resources.</li><li>• Maintenance and improvement in the quality of the public land resource.</li><li>• Increased sustainable use of public lands by agriculture, other industries, the public and wildlife.</li></ul>	<ul style="list-style-type: none"><li>• Land productivity.</li><li>• Water quality.</li></ul>

### Strategies:

- Develop and extend technologies and management practices that protect and enhance soil, water and other natural resources.
- Monitor the impact of the agriculture and food industry on soil, water and the larger ecosystem.
- Manage White Area public lands for the long-term benefit of the agriculture industry, other industries and the public, by maintaining a balance of development, use and conservation.

### Actions:

#### **Resource Stewardship:**

- ★ Complete an evaluation of potential environmental impacts of industry growth and develop follow-up actions to mitigate potential impacts.
- Continue to develop, package and transfer information to protect and improve soil and water resources and air quality.
- Promote and encourage environmentally-sustainable production and processing practices in the industry.
- ★ Revise and update the code of practice for the safe and economic handling of animal manures.
- ★ Work with the Alberta Environmentally Sustainable Agriculture (AESA) Council to promote improved stewardship in the industry.
- Continue to encourage municipalities to incorporate provincial land use policies in their municipal development plans and bylaws.
- Work with others to provide training and successfully implement the intensive livestock operations guidelines.
- Partner with other agencies to facilitate improved management of riparian areas on agricultural lands.
- ★ Develop and implement a Livestock Expansion and Development (LEAD) team to assist the livestock industry to expand in an environmentally responsible manner.
- ★ Implement new drilling waste guidelines which increase industry's involvement and accountability.
- ★ Develop an Internet home page for Environmentally Sustainable Agriculture.
- ★ Participate as a foundation partner in the next three-year Alberta Reduced Tillage Initiative.



- ★ Identify and recommend changes to proposed federal and provincial environmental legislation (e.g., Environmental Protection Act and endangered species legislation) where the legislation has the potential to adversely affect agricultural production and the property rights of Alberta farmers.
- ★ Develop a Peer Review Board to help resolve nuisance and environmental disputes arising from intensive livestock operations under the Agriculture Operations Practices Act (Alberta's right to farm legislation).
  - Partner with other agencies to support the management of woodlots in an environmentally-sustainable manner.
  - Conduct soil and water quality monitoring programs to assess the impact of agriculture on these resources
  - Participate in research projects aimed at integrating crop and livestock production with stewardship needs.
- ★ Distribute an inventory of agricultural soils on a CD-ROM which will assist government agencies and industry to manage agricultural lands in an environmentally sustainable manner.
- ★ Train municipal staff to recommend appropriate best management practices to control dryland salinity using municipal salinity maps.
- ★ Develop and communicate better management practices which maintain or improve natural biodiversity and protect natural areas.
- ★ In partnership with Environmental Protection and industry, develop and implement an efficient, self-directed Wellsite Reclamation Program.
- ★ Develop options, in consultation with stakeholders, for a new regulatory approach to intensive livestock operations.

### ***Public Lands Management:***

- In cooperation with partners, develop and administer essential policy and legislation for the management of public land, and provide opportunities for public input into land use decisions.
- ★ Participate in the implementation of government policy resulting from the Agricultural Lease Review Committee's recommendations.
- Operate public lands programs, including Provincial Grazing Reserves (PGR), on a full cost recovery basis.
- Continue to work with Patrons' Associations to convert all grazing reserves to grazing management agreements by December 31, 1998.
- Monitor the implementation of the Provincial Grazing Reserve patron funded, long-term maintenance program.
- Privatize maintenance and development activities on PGR's.
- Implement an allotment policy with Patrons' Associations which ensures continued access for new patrons, and is within the grazing capacity of the individual reserves.
- Provide and manage multi-use opportunities on PGR's.
- Reallocate uses for grazing reserves which do not operate on a full cost recovery basis.
- Manage public land agricultural dispositions in a manner which assists the sustained development of the agricultural industry, while responding to the needs of other users.
- Work with partners and customers to deliver the Special Places Program.
- Implement government policy decisions on the management of former tax-recovery lands.

## **Goal #7: Improved management of the Ministry's resources.**

<b>Key Results:</b>	<b>Indicators:</b>
<ul style="list-style-type: none"><li>• Competent, versatile employees.</li><li>• Optimal use of financial and capital resources.</li><li>• Client satisfaction with department services and products.</li></ul>	<ul style="list-style-type: none"><li>• Expenditure in priority areas.</li><li>• Client satisfaction.</li><li>• Staff satisfaction.</li></ul>

### **Strategies:**

- Improve: Business planning and implementation.  
Human resource development planning and programming.  
Fiscal responsibility and accountability.

### **Actions:**

#### ***Business Planning:***

- Continue to incorporate customer feedback in the preparation of the plans and policies of the department.
  - Develop and implement a more formalized process to obtain customer feedback on Ministry performance.
- Use product teams as mechanisms to improve cross-sectoral department planning in priority areas.
- Continue to work with the Agriculture and Food Council and the Alberta Economic Development Authority Agriculture Committee to integrate strategic plans and policies within the industry's vision and goals.

#### ***Human Resource Development:***

- Manage the department's Human Resource Development Plan and monitor progress.
  - Increase employees' understanding of the department's business plan and the corporate values that support it.
  - Involve employees in business planning.
  - Continue to coordinate employee training and development initiatives.
  - Develop a Ministry leadership and succession planning system.
  - Continue to develop and improve corporate systems that support human resource development (e.g., Employee Performance Development Process, Employee Recognition Program, process to link divisional business planning to divisional human resource development planning).
  - Measure the impact of the department's human resource development plan.

### ***Administrative Practices:***

- Ensure Department resources are allocated effectively, in line with government guidelines and department goals.
- Handle client and departmental requests and queries promptly and effectively.
- Improve the quality of communications with clients and staff.
  - Promote better two-way communications through key communicators and brown-bag sessions.
  - Formalize an external communication plan to coordinate consistent messages to our clients and the public.
- Implement new financial and human resource systems to improve management information and reduce costs.
- Maintain an effective information technology infrastructure, providing user-friendly access, 24 hours a day, seven days a week.
- Continue to amalgamate Public Lands, Regional Advisory Services, and AFSC Lending and Insurance offices.
- Assess the feasibility of further office amalgamations with other agricultural agencies, as opportunities arise.
- Implement the new performance-based funding formula for agricultural societies.
- Support the department's responsibilities under the Freedom of Information and Protection of Privacy Act.
- ★ Implement an integrated electronic information management system which increases the quality of public land use decision-making and improves client service.
- ★ Initiate a pilot project in knowledge management to strengthen the Ministry's efficiency and capability in harvesting, storing, managing and sharing information with the objective of providing better customer service.
- ★ Complete the wind-up of the Department's Revolving Fund and account for all assets, liabilities, revenues and expenses of the Province's grazing reserve operations in the financial statements of the Department.

### ***Fees and Charges:***

- Implement fees for selected departmental services, materials and programs where there is direct benefit to individual users.
- Evaluate fees for meat inspection in provincially-inspected meat processing plants, and implement increases (implementation, in part subject to federal decisions in this area).

### ***Privatization, Outsourcing and Other Initiatives***

- Explore, and where appropriate, develop opportunities to privatize specific services which are better handled in the private sector.
- Subject to successful negotiations with federal and municipal governments, transfer the responsibility for provincial food inspection to a federal/provincial corporation.



- ★ Explore with industry, ways to privatize brand inspection.
- ★ Privatize the direct delivery of fee-for-service programs for irrigation management, on farm irrigation systems evaluation, water licensing application support and drainage.
- ★ Encourage farmers to make use of Environment Canada's weather forecasting services as a replacement for the Ministry's Farm Weather Line Service, which is to be discontinued in March 1998.

# Financial Plan

## Department of Agriculture, Food and Rural Development Income Statement

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/2000 Projection	2000/01 Projection
<b>Revenue:</b>					
Transfers from Government of Canada	--	38,126	23,306	31,286	31,070
Fees, Premiums and Licenses	18,643	20,107	16,179	12,098	10,648
Other Revenue	22,522	5,700	575	575	575
<b>Total Revenue</b>	<b>41,165</b>	<b>63,933</b>	<b>40,060</b>	<b>43,959</b>	<b>42,293</b>
<b>Expense:</b>					
<b>Department Operations</b>	93,577	97,052	102,586	99,718	98,170
<b>Amortization</b>	4,484	4,807	4,501	4,358	4,246
<b>Sub-Total</b>	<b>98,061</b>	<b>101,859</b>	<b>107,087</b>	<b>104,076</b>	<b>102,416</b>
<b>Major Funded Programs:</b>					
Farm Fuel Distribution Allowance	32,816	32,300	32,300	32,300	32,300
Agricultural Service Boards	4,406	4,465	4,467	4,467	4,467
Agri-Food and Fibre Value Added Initiative	34,944	--	--	--	--
Specialty Crops Stabilization	740	--	--	--	--
<b>Transfers to Agencies:</b>					
Farmers' Advocate	389	393	399	399	399
Surface Rights/Land Compensation Boards	1,921	2,198	2,118	2,118	2,118
Alberta Grain Commission	199	222	224	224	224
Irrigation Council	254	242	245	245	245
Irrigation Rehabilitation Infrastructure	19,698	14,702	17,200	17,200	17,200
Agricultural Products Marketing Council	442	509	513	513	513
Alberta Dairy Control Board	139	139	149	139	139
Alberta Agricultural Research Institute	7,988	7,994	8,049	8,053	8,058
Agriculture Financial Services Corporation	143,117	144,042	156,713	156,379	160,615
<b>Total Gross Expense</b>	<b>345,114</b>	<b>309,065</b>	<b>329,464</b>	<b>326,113</b>	<b>328,694</b>
<b>Valuation Adjustments</b>	(874)	307	(270)	(390)	(10)
<b>Loss on Disposal of Capital Assets</b>	3	--	--	--	--
<b>Net Operating Expense</b>	<b>303,078</b>	<b>245,439</b>	<b>289,134</b>	<b>281,764</b>	<b>286,391</b>

## **Appendix 2    Agriculture Financial Services Corporation**

### **Business Plan 1998/99 to 2000/01**

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## Executive Summary

This plan is developed on the basis of AFSC's core businesses, other products offered and internal initiatives to be undertaken by the organization. Objectives are defined for each activity and the expected results to be achieved by 2001 are outlined.

AFSC Board of Directors and Executive Management annually review long-term goals and describe a vision for the organization. In response to that direction, management develops a strategic business plan that if successful in the medium-term will move the organization closer to achieving its desired direction and mission in the long-term.

Monitoring of results is tracked by the indicators listed for various business activities. In terms of Government Measures outlined in "Measuring Up", AFSC programs and services result in improvements in Albertans':

- average family income distribution
- per capita gross domestic product
- jobs creation

These benefits are in addition to the efficiency and effectiveness expected of proper stewardship of public resources.

AFSC's goals and activities contributed to Ministry goals. Primary focus is on goal (5), *increased responsibility of industry to manage risk*. Lending programs help beginning farmers and developing agribusiness customers manage their financial risk through stable long-term financing and financial advice. AFSC lending, through its strategic alliances, will be a significant catalyst for the Province to achieve its goal of increasing primary production to \$10 billion and value-added processing to \$20 billion by the year 2005. Safety net programs are management tools to offset inherent production and income risks. These safety nets provide the basis of a stable agricultural industry and put Alberta farmers on a level playing field with their competitors in other developed countries. As well goals:

- 2) Improved competitiveness of commodities, products and services,
- 3) Increased amount of value added to industry commodities, products and services, and
- 4) Increased diversity of industry commodities, products and services,

capture the essence of AFSC activities directed at new and developing agribusiness and food processors.

### VISION

Unique financial services to Grow Alberta.

### MISSION

We help customers in the agriculture and food industry fulfil their business goals by offering unique financial services.

## Long Term Goals By Priority

1. To help the industry achieve the goal of \$20 billion of value added production by 2005, develop Commercial Financial Services as the government link with the private sector by leveraging AFSC funds to \$150 million a year by 2001.
2. To complement the existing agriculture safety net package by 2001, research, develop and test concepts including alternative reinsurance initiatives, whole farm production and income insurance, weather based production insurance, and price insurance programs.
3. To help industry achieve the goal of \$10 billion of farm cash receipts by 2005, AFSC will offer unique farm financial services to assist 1,000 beginning farmers per year to establish potentially viable farms by 2001.
4. To improve customer service by 2001, AFSC farm products and services will be delivered through customer service representatives capable of handling any of AFSC's financial services.
5. As a result of rewriting core business systems by 2002, have information technology systems in place to handle 50 percent of all financial services electronically.

## Opportunities And Challenges

- Industry drive to increase primary and value-added production.
  - To meet provincial goals of \$10 billion in primary production and \$20 billion in value added processing by 2005, Alberta must attract significant capital investment to support viable opportunities. This will pressure the Corporation's lending staff and resources.
- Provincial desire to reduce taxes and enhance the Alberta Advantage.
  - Creating a business environment for new investment should result in increased economic activity. Infrastructure development, reduced taxation levels and regulatory reform are key elements of the Alberta Advantage.
- Increasing research investment to encourage global competitiveness.
  - Rapidly changing technology and biotechnology suggest opportunities and risks for the industry. This requires capital for original and adaptive research as well as demonstrations of the latest information. Making research spending a priority puts pressure on spending for other purposes.
- Importance of rural development to economic health of Alberta economy.
  - From farmgate production, to the retail food shelf, agriculture is a key contributor to urban jobs and economic activity. Combined processing and primary agriculture accounted for 116,000 jobs (8.2 percent of all jobs in Alberta) in 1996. The Alberta economy achieved more than \$6.5 billion from shipments of processed products and primary production in 1996. To maintain public support, AFSC needs to express the value of its programs and services to both rural and urban citizens.

- Albertans are expecting some selective reinvestment now the provincial books are balanced.
  - Farmers want the crop insurance program to keep pace with new developments, such as new or significantly changed crops. They also think that there should be timely response to catastrophes, rather than having to lobby for ad hoc assistance. Beginning farmers think interest rates on the Beginning Farmer program are too high even for a program which offers long-term fixed rates for up to 20 years. Overall farmers are seeking safety nets and lending programs which provide stability, enabling them to compete on a world wide basis.

## Operating Principles

- Continuously improve customer service and satisfaction.
  - Decision making will be as close to the customer as possible. We will seek customers' opinions before making significant procedural and policy changes.
- Participate in developing policy on agricultural finance and risk management issues.
  - We will use our expertise to work with others in developing agriculture policies and programs
- Encourage operating alliances that result in improved products and services to customers.
  - We will work with other agencies serving the agri-food industry to make best use of resources while reducing duplication.
- Practice prudent fiscal management.
  - Continuously looking for ways of delivering programs and services more efficiently, reducing costs and increasing revenue, without compromising program integrity.

## Corporate Philosophy

We offer individual, confidential service to our customers, keeping decision-making as close to the customer as possible. We treat our customers openly, honestly and fairly, with sensitivity, and trust. We believe in providing extra service, such as financial advice, to help our customers develop sound management skills. We consult with our customers to verify that we are doing the right things and ensure that customers are satisfied with the level of service being given. Service will be fair, prompt and cost effective. We will strive to continuously improve everything we do ...forever. We believe that helping to develop viable businesses will fulfil our obligations to responsibly manage public funds, and to promote development of the agriculture and food industry. We recognize that efficient businesses establish alliances with both public and private organizations, to share expertise and to define and advance common goals. We believe in conservation and responsible management of the environment.

We work at creating a climate of excellence in all areas, encouraging creativity, innovation and individual initiative. We understand that when errors occur, they provide a constructive learning experience. We encourage our staff to find better ways to do the right things with a minimum of "red tape". We delegate and decentralize decision-making to empower employees in field offices.



We encourage employee contributions through corporate recognition, advancement and rewards based on performance. We stress employee training, because we believe that the education and skill development of our employees are investments which benefit both our customers and the Corporation.

## **Risks Inherent In The Plan**

- Insurance and Reinsurance Fund Accounting
  - Although the Corporation maintains insurance funds and reinsurance funds on a sound actuarial basis and in accordance with federal/provincial agreements, on a provincial consolidated basis these funds have been taken into income. In a year of high insurance claims, there could be significant pressure on the Province to keep its overall budget balanced. The Corporation is trying to reduce this pressure through private sector reinsurance but this will likely be more expensive than the present arrangement.
- Computer Programs - Year 2000
  - North American companies are looking at an estimated \$600 billion cost to revise or replace computer programs to be operational in the year 2000. AFSC has to deal with its share of this problem and has included funding in this plan to ensure its computer programs continue to function accurately into the next century. Wherever possible, the Corporation will replace older technology with more efficient current technology. This will result in improved customer service and sufficient savings over five years to pay for the reprogramming costs.

## **Planning Framework**

AFSC's comprehensive planning process has evolved over the past decade linking the role and responsibilities of the Board through managers to individual employees. The Board sets the long term direction for the Corporation, while managers translate those goals into medium term strategies that are the basis for individual tactical and annual action plans. The essence of future direction is captured in the corporate philosophy, operating principles, vision and mission statements. This plan uses the goal statements as descriptions of key success factors for activities over the next 36 months. Measurements during the business planning period will be based on how well we are achieving the desired goals. Strategies are developed by business area for program specific activities. Monitoring of activities links the strategies to the long term goals described as key success factors. For those activities that extend across program areas and affect the whole corporation, program objectives focus on achieving the mission statement.

## Strategies By Business Activity

### A. Commercial Financial Services

**Objective:** to provide unique financial services that assist development of value-added businesses in the agri-food industry and rural areas.

<b>Expected Outcomes:</b> <ul style="list-style-type: none"><li>- Expanded markets for primary producers.</li><li>- Increased investment and employment in rural areas and the agri-food processing industry.</li><li>- Improved provincial export earnings.</li><li>- More sources of investment capital.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- Volume of value added farm production.</li><li>- Value of investment in processing sector.</li><li>- Number of jobs created in processing sector.</li><li>- Value of shipments of processed food</li></ul>
--	---

#### Strategies:

- Encourage value added processing and product diversification to meet market opportunities.
- Continue to develop strategic alliances to deliver agricultural financial services.
- Expand market expertise and investment knowledge of Commercial Financial Services group.
- Continue to develop unique and specialized products and services tailored to customer needs.

## B. Crop Insurance

- Objectives:**
1. to provide a program that is responsive to our customer's business needs.
  2. to provide publicly funded production protection against natural perils which reduces financial risk and minimizes production distortion.

<b>Expected Outcomes:</b> <ul style="list-style-type: none"><li>- Customer recognition of insurance as a "risk management" tool.</li><li>- Eliminate need to respond to ad hoc financial assistance requests for weather related perils.</li><li>- Understanding operational feasibility of alternative reinsurance initiatives, whole farm production and income insurance, weather based production coverage and price insurance programs.</li><li>- To enable Alberta farmers to compete with competitors in other countries who benefit from publicly funded safety net programs.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- Provincial income variability caused by weather.</li><li>- Acres insured and number of contracts.</li><li>- Number of requests for ad hoc assistance.</li></ul>
---	--

### Strategies:

- Offer coverage that reflects normal production capability.
- Test weather tracking systems as the basis for weather based crop protection program.
- Develop and evaluate coverage concepts to allow customers customized insurance protection.
- Provide timely information about program changes.
- Develop the capability to cover new and developing crops.
- Promote risk management strategies as a component of successful farm business management.
- Complement selling efforts with an educational focus on insurance products.



### C. Beginning Farmer Program

- Objectives:**
1. to help beginning farmers develop viable farm businesses.
  2. to promote other sources of long term capital with flexible terms
  3. to retain vendors' capital in agriculture

<b>Expected Outcomes:</b>	<b>Indicators:</b>
<ul style="list-style-type: none"><li>- New entrants into agriculture.</li><li>- Development of viable farm businesses by beginning farmers.</li><li>- Another source of lower cost capital.</li><li>- Retain vendor's capital in agriculture.</li></ul>	<ul style="list-style-type: none"><li>- Number and age of new borrowers.</li><li>- Lending portfolio performance.</li><li>- Number of viable farm businesses.</li><li>- Administrative cost of Vendor Mortgage Program loans.</li></ul>

### Strategies:

- Tailor beginning farmer products and services to customer needs.
- Increase industry awareness of beginning farmer loan program.
- Assist beginning farmers through the "phases of farming" transition.
- Improve farm business management skills.
- Provide a range of counselling services to meet customer needs.
- Provide year end counselling service which focuses on analysis of business results and opportunities.
- Improved product awareness as part of succession planning.
- Investigate RRSP eligibility for vendor mortgage agreements.
- Investigate opportunities for efficiencies by working with FCC's Family Farm Loan Program.
- Market and promote beginning farmer program and services.
- Re-align beginning farmer program with "phase of farming."
- Develop graduation guidelines to enable customers to move on to commercial lenders.

## D. Hail Insurance

**Objective:** to provide a participant funded program available to all farmers throughout the province on all crops each year to offset loss from hail.

<b>Expected Outcomes:</b> <ul style="list-style-type: none"><li>- Higher value crops grown in Alberta.</li><li>- Reduced variability of farm cash flow.</li><li>- Risk compensation for crop production in certain areas.</li><li>- Improved relationship with other insurers.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- Changes in value and volume of crops grown in Alberta.</li><li>- Changes in location of speciality crop production.</li></ul>
--	--

### Strategies:

- Apply technology to delivery of hail insurance.
- Maintain open communication with other hail insurers and other stakeholders.

## E. Farm Income Disaster Program

**Objective:** to provide a measure of income stability for farmers when there is an extreme reduction in their farm margins.

<b>Expected Outcomes:</b> <ul style="list-style-type: none"><li>- Increased farm margins on affected farms.</li><li>- No successful trade action under trade law.</li><li>- Eliminate other direct government program payments to Alberta farmers over time.</li><li>- Program will not influence farm management decisions.</li><li>- Increased use of other risk management tools.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- FIDP payments as a percent of gross and net farm cash receipts.</li><li>- Percent of total farming industry who benefit.</li><li>- Average FIDP payment per farmer.</li><li>- Percent of farmers below 70 percent gross margin.</li></ul>
--	--

### Strategies:

- Evaluate impact of FIDP on crop insurance.
- Increase FIDP awareness and the use of other risk management strategies by farmers.
- Continue to develop a timely and accurate forecasting methodology.
- Explore a premium basis for FIDP to improve the possibility of reinsurance.
- Explore possibilities for whole farm production and income insurance.

## **F. Alberta Farm Development Loans**

**Objective:** to provide farmers credit access under reasonable terms and conditions, through commercial lenders.

<b>Expected Outcomes:</b> <ul style="list-style-type: none"><li>- Reasonable credit access for viable farms.</li><li>- Consistent bank participation in financing farmers.</li><li>- High level of loan repayment.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- Level of participation by private sector financial institutions.</li><li>- Performance of AFDL loans compared to direct lending portfolio.</li></ul>
--	---

### **Strategies:**

- Promote AFDL's awareness and understanding to farm community and eligible financial institutions.
- Investigate delivery options through cooperation with FIMCLA (FIL administration).

## **G. Wildlife and Waterfowl Damage Compensation**

**Objective:** to provide compensation to farmers for economic loss caused by wildlife and waterfowl damage.

<b>Expected Outcomes:</b> <ul style="list-style-type: none"><li>- Minimize farming community reaction to public support for wildlife habitat.</li><li>- Program understanding by AFSC, Ducks Unlimited, federal and provincial Environment departments and public.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- Questions raised about the program.</li><li>- Reported losses paid and not paid.</li><li>- Geographic location of claims.</li><li>- Value and number of claims paid.</li></ul>
--	---

### **Strategies:**

- Review differences between crop insurance policy holders and non-policy holders.
- Arrange annual meetings of AFRD, AFSC, Ducks Unlimited and Environment officials to review wildlife programs.
- Communicate program results annually.



## H. Developing Farmer Loans & Specific Guarantee Program

**Objective:** to provide access to credit for farmers who are unable to obtain credit on reasonable terms.

<b>Expected Outcome:</b> <ul style="list-style-type: none"><li>- Loan recipients able to regain or develop farm viability.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- Length of time developing farmer loans are in portfolio.</li></ul>
--	---

### Strategy:

- Position developing farmer and specific guarantee programs as financing that fills a "gap" in agri-financial service marketplace.

## I. New Program Initiatives

**Objectives:**

1. develop capability to react to provincial needs in a timely manner.
2. develop provincially sponsored initiatives.
3. avoid ad hoc responses to production and market related problems.

<b>Expected Outcomes:</b> <ul style="list-style-type: none"><li>- Timely, responsive programs supporting the agri-food industry.</li><li>- Timely programs focussed on customer needs.</li><li>- Complete risk management services provided to customers.</li><li>- Reduce cost of new program implementation.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- Number of requests for ad hoc response.</li><li>- Actual implementation and administrative costs of comparable programs.</li><li>- Farm loss due to unmitigated risk.</li></ul>
--	--

### Strategies:

- Develop the capability to accept provincial responsibility for risk management initiatives.
- Encourage re-insurance coverage, when appropriate for new insurance initiatives.
- Consider different funding options for cost shared programming with the federal government.
- Develop an evaluation methodology for new programs.
- Continue to develop a public consultation process to determine programming needs.
- Implement new Insurance computer system by 1999 crop year.
- Consider new Lending computer system by 2002.

## J. Internal Initiatives

- Objectives:**
1. practice prudent fiscal responsibility
  2. improve customer service and satisfaction
  3. communicate our successes

<b>Expected Outcomes:</b> <ul style="list-style-type: none"><li>- Reduce the administrative part of total costs.</li><li>- Improved internal and external customer satisfaction</li><li>- Improved public image.</li></ul>	<b>Indicators:</b> <ul style="list-style-type: none"><li>- Administration expenses as a percentage of total cost.</li><li>- Ratings from customer service focus groups.</li><li>- Compare administration costs to other agencies.</li><li>- Name and product recognition.</li></ul>
--	---

### Strategies:

- Where cost effective, continue with AFRD/AFSC alliance in first stop service centres.
- Identify positive achievements and communicate results .
- Improve staff efficiency through training.
- Develop a communication plan emphasizing customer successes.
- Expand delegation of authority to more staff.
- Improve portfolio (lending and insurance) performance.
- Define customer service levels and review existing delivery systems.
- Develop a customer service training plan, optimizing technology use to improve service.
- Sell organizational knowledge and data.
- Develop a human resource plan.
- Continue to develop the information technology strategic (IT) plan.

**Agriculture Financial Services Corporation**  
**Provincial Share of Operating Costs Funded by the Province of Alberta**

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/00 Projection	2000/01 Projection
Crop Insurance Program	39,058	70,556	59,157	61,878	61,729
Revenue Insurance Program	149	--	--	--	--
Farm Income Disaster Program	68,743	54,577	67,329	69,031	70,773
Wildlife Damage Program	9,788	1,097	2,878	2,747	2,758
Lending Programs	25,379	17,812	27,349	22,723	25,355
	143,117	144,042	156,713	156,379	160,615
Less Recoveries by the Province	(1,527)	--	--	--	--
<b>Total Transfer from the Province</b>	<b>141,590</b>	<b>144,042</b>	<b>156,713</b>	<b>156,379</b>	<b>160,615</b>

**Agriculture Financial Services Corporation**  
**Income Statement**

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/00 Projection	2000/01 Projection
<b>Revenue:</b>					
Crop and Hail Insurance Premiums	86,476	73,711	82,835	86,223	86,224
Other Premiums, Fees and Licenses	3,138	2,311	2,803	2,929	3,028
Interest	72,921	61,327	48,465	46,898	46,202
Transfers from Province	141,590	144,042	156,713	156,379	160,615
Contribution from Government of Canada	45,021	58,860	53,697	56,270	56,002
Investment Income	19,862	14,860	11,930	12,325	13,360
Amortization of Loan Discounts	12,517	4,523	2,655	2,119	21
<b>Total Revenue</b>	<b>381,525</b>	<b>359,634</b>	<b>359,098</b>	<b>363,143</b>	<b>365,452</b>
<b>Expense:</b>					
Indemnities	163,000	134,160	222,637	232,685	234,285
Interest	73,662	60,211	60,075	52,948	53,949
Hail Reinsurance	597	624	500	500	500
Reinsurance - Province of Alberta	16,245	10,711	11,671	12,391	12,391
Reinsurance - Federal Government	16,245	21,422	23,342	12,391	12,391
Farm Loan Incentives	7,914	8,067	4,101	4,242	4,355
Administration Expense	32,778	35,341	35,790	35,038	35,300
Protection for Losses on Loans and Guarantees	3,741	2,120	2,120	2,620	3,120
<b>Total Expense</b>	<b>314,182</b>	<b>272,656</b>	<b>360,236</b>	<b>352,815</b>	<b>356,291</b>
<b>Net Revenue (Expense)</b>	<b>67,343</b>	<b>86,978</b>	<b>(1,138)</b>	<b>10,328</b>	<b>9,161</b>
Deficit (Surplus) at beginning of year	(86,891)	(154,234)	(241,212)	(240,074)	(250,402)
Deficit (Surplus) at end of year	(154,234)	(241,212)	(240,074)	(250,402)	(259,563)





## **Appendix 3    Alberta Agricultural Research Institute**

### **Business Plan 1998/99 to 2000/01**

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## Executive Summary

- The Alberta Agricultural Research Institute (AARI) is a provincial corporation. Its mission is to enhance the contribution of the agriculture and food industry to Albertans through research and technology transfer. The Institute is governed by a Board. The Strategic Committee of the Institute advises the Board in establishing strategic directions and setting priorities.
- AARI accomplishes its mission by coordinating and funding research conducted in the private sector, the universities and government research centres. The projects supported by AARI complement and expand the research conducted internally by the Ministry of Agriculture, Food and Rural Development.
- Research is important to the pursuit of Ministry goals. Research and technology transfer are among the key strategies of the Ministry. AARI activities contribute to the achievement of Ministry goals and key strategies. Within the broad Ministry goals, AARI has set more specific goals. They are to:
  - Maximize the effectiveness of investment in research by strengthening coordination, partnerships and cooperation.
  - Improve industry competitiveness, profitability and sustainability by promoting and funding agriculture and food research.
  - Encourage the application of research results.
- AARI's business plan is closely linked to the Department of Agriculture, Food and Rural Development's Research Business Plan and the overall Ministry Business Plan. During the current plan period (1998 - 2001), an average of about \$11 million per year will flow through AARI in support of research and technology transfer efforts that will benefit Albertans. Part of this budget is committed to funding research programs important to the agriculture and food industry at Alberta Research Council facility in Vegreville.
- AARI will also manage the research components of the Canadian Beef Industry Development Fund, the Alberta Beef Industry Development Fund and the Alberta Environmentally Sustainable Agriculture Research Program.
- AARI will continue to emphasize joint funding of projects with the private sector through matching grants. It will cooperate with the Agriculture Value Added Corporation in supporting value added processing research. A Value Added Technology Transfer Program was initiated in 1997 with funds from the Canadian Adaptation and Rural Development Fund.
- The expected results of AARI's investment in research are knowledge and technology advances that have the potential to improve industry productivity, income and employment. They will make a significant contribution to the prosperity and well being of Albertans.
- AARI periodically retains external consultants to evaluate the economic benefits generated by the projects it funds. Three such evaluations have already been carried out. The latest was completed in late 1997. It showed a \$78 to \$1 return on research investments.



- A process is underway to examine AARI's future direction, goals and strategies. When completed, AARI will be well positioned to meet the challenges of the 21<sup>st</sup> century.

## Introduction

AARI is a provincial corporation. Its function is to broaden the Ministry's capability to meet the wide ranging research and technology needs of the agriculture and food industry. It carries out this function by coordinating and funding research conducted in the private sector, the universities and government research centres.

The Institute is governed by a Board. The Institute's Strategic Committee advises the Board on establishing strategic directions and setting priorities. The Board has created several project review committees to advise it on the scientific and economic merits of the proposal. This system has enabled the Board to select and fund high quality proposals.

The agriculture and food industry is a vital part of the Alberta economy. In 1996, the industry provided employment for 116,200 Albertans and the annual economic activity generated by the industry was estimated at \$13 billion. However, Alberta's geographic location, agro-climatic conditions and changes in market forces create continuous challenges for the industry. Scientific research has enabled the industry to meet past challenges. New scientific innovations will continue to contribute to the industry's future gains and lead to greater prosperity for Albertans.

## Mandate And Mission

AARI's mandate is to coordinate, support and promote research in agriculture and food. Its mission is to enhance the contributions of the agriculture and food industry to Albertans through research and technology transfer. This mission is consistent with the mission of the Ministry of Agriculture, Food and Rural Development. AARI plays an important role in the pursuit of Ministry goals.

## Overall Strategic Direction

The long range strategic direction of AARI is to support research that will increase the agriculture and food industry's ability to respond quickly to the changing opportunities of the global market and serve Albertans as an enduring source of prosperity. To this end, AARI will continue to promote and support the development of leading-edge research results that will enhance the industry's capacity to produce, under environmentally-sound practices, the high quality food and fibre output Albertans and other customers demand. AARI's specific long range strategy is to:

- Strengthen the agriculture and food research network in Alberta through coordination.

- Fund research of greatest potential benefit to Albertans, with specific emphasis on innovative projects aimed at:
  - increasing the global competitiveness and profitability of the agriculture and food industry,
  - improving the environmental sustainability of the industry,
  - developing new commodities and value-added products, and
  - generating scientific information and technology that will contribute to the industry's ability to achieve a \$10 billion a year primary production sector and a \$20 billion annual output in value-added processing by 2005.

## **Goals, Strategies And Programs**

To achieve its mission, AARI has established three specific goals. These goals are consistent with the Ministry goals. They also reflect the key Ministry strategies. These strategies focus on research and technology transfer. The Ministry goals and strategies are fully described in the Ministry business plan. Outlined below are the AARI goals, strategies and programs designed to achieve the goals.

**Goal 1: Maximize the effectiveness of investment in research by strengthening coordination, partnerships and cooperation.**

### **Strategies:**

- a. Provide a forum for agriculture and food research coordination and cooperation.
- b. Examine future options, formulate visions and set long-term directions to stay on the leading edge of agriculture and food research.

### **Programs to Implement the Strategies:**

- a. Focus on Research Opportunities Program
- b. Research Coordination Program

**Goal 2: Improve industry competitiveness, profitability and sustainability by promoting and funding agriculture and food research.**

### **Strategies:**

- a. Attract creative ideas and research proposals for improving the industry.
- b. Select and fund the research proposals that offer the greatest potential economic and environmental benefits to Albertans.
- c. Encourage greater private sector support for research.
- d. Strengthen research in value-added processing in cooperation with partners.

### **Programs to Implement the Strategies:**

- a. Farming for the Future Matching Grants Program
- b. Farming for the Future Direct Funding Program
- c. Canadian Beef Industry Development Fund - Research Component
- d. Alberta Beef Industry Development Research Program
- e. Externally Funded Research Program

- f. Alberta Environmentally Sustainable Agriculture Research Program
- g. Alberta Research Council - Vegreville - Funding for Agriculture Related Programs
- h. A Potential Value Added Processing Research Program to be funded by the new Agriculture Value Added Corporation.

The foregoing seven programs will stimulate and support research projects in processing development, livestock production, crop production and environmental stewardship (soil, water and atmospheric resources).

### **Goal 3: Encourage the application of research results.**

#### **Strategies:**

- a. Provide the results of research to agriculture, food and rural development specialists, as well as to producers, processors, consumers and others through reports, articles, publications, conferences and by electronic means.
- b. Support demonstration projects.

#### **Programs to Implement the Strategies:**

- a. Information Dissemination Program
- b. Farming for the Future On-Farm Demonstration Program
- c. Value Added Technology Transfer Program

## **Knowledge And Technology Development Areas To Be Supported During 1998-2001**

During the current plan period, research, technology development and transfer projects will be supported in the following areas:

- **Value Added Processing Development**
  - Adding value to Alberta crop and livestock products.
  - Improving food safety and quality through novel packaging/bio-preservation.
  - New and improved food and non-food product development.
  - Food processing cost reduction and improved efficiency.
  - Processing waste management.
- **Livestock Development**
  - Livestock production efficiency, safety, quality, disease and pest control methods.
  - Livestock improvement for various production and processing traits - including genetic marker identification.
  - Enhancing feed efficiency, feed protein utilization, nutrition modelling and incorporation of locally grown feed ingredients in livestock rations.
- **Crop Development**
  - Crop production efficiency, disease and pest control, safety and quality improvement.
  - Crop variety and new crop development with desirable traits.



- **Environmental (soil, water, and atmospheric resources) Stewardship**
  - Land management, efficient use, quality improvement, biological nitrogen fixation.
  - Fertilizer use and sustainability.
  - Management systems for manure and wastes.
  - Irrigation management and water quality improvement.
  - Impact of new technologies on land, water, wildlife habitat and biodiversity.
  - Integrated resource management systems for crop, livestock and wildlife production.

AARI-supported research and related scientific activities build on and expand the Ministry's internal research effort. This is accomplished by enhancing and fostering agriculture and food related research in private sector organizations, the universities, and federal research centres. The knowledge and technology development areas funded by AARI in other organizations broaden, augment and complement the research work done within the Ministry.

Through its funding programs, AARI supports research conducted by over 200 scientists working in external organizations. These scientists apply their knowledge and skills to solving problems and developing technologies directly relevant to Alberta's agriculture and food industry. When combined with internal Ministry researchers, AARI's external support of research projects more than doubles the total number of researchers working on innovative ways of improving Alberta's agriculture and food industry. Thus, AARI programs substantially increase the research results available to industry far beyond what can be achieved through internal Ministry efforts alone.

AARI has made considerable progress in building an extensive network of researchers that generate results that benefit Alberta. As a result, partnerships have been strengthened, research capacity has been more fully utilized, and knowledge and technology advances have been achieved more rapidly and at more reasonable costs. Today, Alberta's agriculture and food industry is one of the most dynamic and rapidly growing sectors in the nation. An even stronger foundation is being laid for making the industry more globally competitive, profitable and sustainable as it embarks on the new knowledge intensive era of the 21<sup>st</sup> century.

### **Examining Options for Future Direction**

The Strategic Committee of AARI and Board members held a two-day workshop in October 1997 to examine AARI's future direction. The Strategic Committee has continued to build on the results of the workshop and develop a vision and new strategy that will properly position AARI for the challenges of the 21<sup>st</sup> century. The committee's report is expected in 1998.

### **Performance Measures**

Two sets of performance measures will be used to track progress:

1. Output Measures, and
2. Outcome or Socio-Economic Measures

## **1. Output Measure**

Output measures indicate the level of services provided by AARI to its clients/customers. Four types of output measures will be tracked:

- effective coordination and cooperation in agriculture and food research in Alberta,
- number of research projects funded to generate new information and technology,
- number of project final reports received and results generated, and
- number of research projects aimed at enhancing environmental sustainability, and number of technology transfer projects conducted.

AARI is expected to support 220 research projects and over 80 demonstration projects annually during the plan period (1998 - 2001). An evaluation process is in place to ensure that the projects funded are of high quality and are relevant to industry priorities. The progress of individual projects funded is evaluated annually against the objectives set for the year. Continued funding is dependent on results achieved.

## **2. Outcome or Socio-Economic Measures**

Outcome measures focus on the contributions or impact of AARI activities on the agriculture and food industry and the provincial economy. The knowledge and technology developed through the research projects supported by AARI are expected to help improve industry productivity, competitiveness, profitability and sustainability.

Three approaches are used to measure outcomes of AARI projects:

- conducting economic evaluation of projects supported at appropriate levels,
- tracking the performance of the agriculture and food industry in terms of annual farm cash receipts, value of food and beverage shipments and value of exports, and
- contributions to making agriculture more environmentally sustainable.

AARI commissions an external consultant to evaluate the economic returns from the investments made in the projects funded. This is usually done at about five-year intervals to allow sufficient time for project results to be applied in industry.

The ultimate value of research results is the industry improvement they make possible. Research results are, however, applied in industry in diffused and many unexpected ways. Hence, the data on industry performance, coupled with the results of economic evaluations for projects funded gives a very good measure of the contributions of AARI activities to the socio-economic well being of Albertans.

## Human Resources Plan

AARI is governed by a Board of Directors. The Board is appointed by and reports to the Minister of Agriculture, Food and Rural Development. The majority of the members are from industry. The rest are from universities and government. The Board makes policies and determines overall strategic directions.

A strategic committee analyses the key issues, develops strategic directions and advises the Board on appropriate courses of action to meet future challenges and seize new opportunities. The Board has also established a number of committees which assist in the selection of projects to be funded. The total number of people serving on the AARI Board and committees exceeds 100. They are among the most talented and knowledgeable individuals in the agriculture and food industry. They bring deep intellectual capacity and broad experience to AARI's decision-making system.

In addition, staff working on projects internally administered by AARI for Alberta Agriculture, Food and Rural Development researchers are considered AARI employees. The number of FTEs involved is variable from year to year. It is dependent on the number of projects approved annually for AAFRD staff. For example, in 1996/97 the total number of project FTEs was 42 compared to 31 in the previous fiscal year.

The human resources available to AARI have a range of training, skills and experience. The talent and commitment of the Board, the expertise of committee members and the knowledge, skills and efficiency of staff have enabled AARI to develop into a high performance organization.

AARI currently has a full complement of staff with:

- scientific and technical knowledge in agriculture and food,
- research program management skills,
- financial management and accounting skills,
- technical and non-technical writing skills, and
- secretarial, word processing, computer operations and file management skills.

AARI's human resources plan is to:

- recruit the best qualified and most capable staff,
- provide ongoing opportunities for training, skill development and job enrichment,
- provide up-to-date office technology and a conducive, stimulating work environment,
- encourage continuous improvement in efficiency,
- support staff in their plans to balance work and family requirements, and
- promote a cooperative teamwork.



## Internal Efficiency

Internal staff efficiency is maintained at a high level. In 1996/97, AARI and Research Division staff managed 27 percent more projects than they did in 1995/96 with the same level of staff complement. An additional \$2 million was invested in the increased projects and required increased financial management efforts.

The increased performance gain was achieved through the streamlining of activities, acquisition of additional office technology and a high level of effort by staff.

Internal efficiency and productivity will continue to be emphasized. During the plan period, internal efficiency will be monitored based on:

- the change in the number of projects managed per full time staff equivalent, and
- the change in the amount of funds managed per full time staff equivalent.

It is recognized that the significantly increased number of matching grants projects and industry supported programs have increased the workload on staff. Additional staff will be hired to help manage the newly added industry funded research programs. Internal efficiency and productivity will continue to be emphasized.

## Implementation

AARI's strategic direction will be implemented in a manner that will protect its core services and keep its investment in research within the resources available to it.

AARI's commitment to research coordination will be maintained. The two programs that have the strongest impact on coordination and cooperation, the Focus on Research Opportunities Program and the Research Coordination Program, will remain, with appropriate modification if necessary.

Including the newly added Alberta Beef Industry Development Research Program, AARI will manage seven research funding programs. Likewise, the new Value Added Technology Transfer Program will increase AARI's efforts in the technology transfer area to three, the other two being the On-Farm Demonstration Program and the Information Dissemination Program. The latter includes publications and reports, the AGRIS computerized data base and AARI's home page and research information listings on the Internet. With these programs in place, AARI will be supporting projects encompassing basic research, primary production research, value added processing research and the transfer of research results directly to producers and processors.

Efforts will continue to encourage private sector support for research. Since AARI funds research in private sector research facilities, universities and government research centres, industry can access the expertise and facilities available at these wide ranging organizations. The research organizations can also benefit from the increased joint funding of research projects. Collaborations, partnerships and alliances will be encouraged through mutually beneficial relationships. AARI will build on the current strong linkage it has established with the beef industry in managing their research funding programs.

Table 1

**Alberta Agricultural Research Institute**  
**Research & Development (R&D) and Related Scientific Activities (RSA) by Research Area<sup>1</sup>**  
 (\$000)

Research Area	R&D 97/98	RSA 97/98	97/98 Budget Estimate Total	R&D 98/99	RSA 98/99	98/99 Budget Estimate Total	R&D 99/2000	RSA 99/2000	99/2000 Budget Projection Total	R&D 2000/01	RSA 2000/01	2000/01 Budget Projection Total
Processing	1,557	89	1,646	1,607	209	1,816	1,329	209	1,538	1,293	209	1,501
Livestock	3,137	179	3,316	3,435	222	3,657	2,876	222	3,098	2,803	222	3,025
Crops	4,239	242	4,481	4,594	348	4,942	3,838	348	4,186	3,740	348	4,088
Soil & Water	1,664	951	1,759	1,828	111	1,939	1,532	111	1,643	1,494	111	1,605
Total	10,597	605	11,202	11,464	890	12,354	9,575	890	10,465	9,330	890	10,220

<sup>1</sup> The figures in this table are based on the consolidated potential expenditure flowing through AARI, including provincial funding, interest earnings, fees, contracts with external organizations and funds targeted for agriculture and food related programs. See Table 2 for further details.

## Attachment 2

**Table 2**  
**Agricultural Research Institute**

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/2000 Projection	2000/01 Projection
<b>Revenue:</b>					
<sup>1</sup> Transfers from the Province	8,277	8,219	8,809	8,813	8,818
<sup>2</sup> Earned Revenue	275	263	289	288	252
<sup>3</sup> Contracts	<u>2,338</u>	<u>2,371</u>	<u>2,893</u>	<u>1,000</u>	<u>850</u>
<b>Total Revenue</b>	10,890	10,853	11,991	10,101	9,920
<b>Expense:</b>					
<b>Research:</b>					
Farming for the Future Matching Grants	2,692	2,400	3,440	3,440	3,440
Farming for the Future Direct Funding	1,660	2,711	1,750	1,750	1,650
Alberta Research Council-Vegreville	2,300	2,300	2,311	2,305	2,300
Alberta Sponsored Research Projects	289	225	760	760	760
Other Programs	189	777	25	25	25
<b>Technology Transfer:</b>					
Farming for the Future On-Farm Demo.	546	700	700	700	700
Information Transfer	37	40	40	40	40
Administration	369	400	410	420	430
Pension Liability	(27)	25	25	25	25
<sup>3</sup> Contracts	<u>2,348</u>	<u>1,624</u>	<u>2,793</u>	<u>900</u>	<u>750</u>
<b>Total Expense</b>	10,403	11,202	12,254	10,365	10,120
<sup>5</sup> Net Revenue (Expense)	487	(349)	(263)	(264)	(200)
Unexpended Funds at Beginning of Year	1,212	1,699	1,350	1,087	823
Unexpended Funds at End of Year	1,699	1,350	1,087	823	623

<sup>1</sup> Includes the Alberta Research Council-Vegreville for agriculture and food related research programs.

<sup>2</sup> Earned Revenue = interest and fees earned. Fees earned may offset additional FTE support if required.

<sup>3</sup> Contracts consist of two categories: a) External funds received from sponsors for specific research. Expenditures are made according to each contract with the sponsor. Revenue equals expenditure and unused funds are returned to the sponsor. b) Royalty revenue which is restricted for use in the program generating the benefit. The revenue is deferred until a program expenditure is made.

<sup>4</sup> Contingency capital investment budget for contract expense (external funds).

<sup>5</sup> Unexpended funds are applied to deficiency of revenue over expenditure.





## **Appendix 4 Alberta Dairy Control Board**

### **Business Plan 1998/99 to 2000/01**

#### **Executive Summary**

The Dairy Board Act sets out the regulatory powers of the board to: "control and regulate the sale of milk in Alberta."

Alberta has 1,100 dairy producers. The gross value of raw milk is \$340 million annually. The dairy industry has a positive impact on the service industry. The sale of dairy animals contribute 8-10 percent of the overall Alberta beef industry. Alberta has 20 dairy processing plants, owned and operated by 13 companies. The wholesale value of processed dairy products total \$690 million, more than double the value of raw milk. All Alberta produced milk is further processed in Alberta.

Board revenue is received as follows: 55 percent by producers, 27 percent by processors and 18 percent in the form of an Alberta Government grant.

Alberta is a member of the National Milk Marketing Plan and is represented at the Canadian Milk Supply Management Committee meetings by the Board Chairman and two industry representatives. Currently, Alberta is the third largest dairy province, currently holding 6.3 percent of the Canadian industrial milk quota. This represents a shortfall of production potential compared to our population.

Interprovincial trade barriers between Saskatchewan, Alberta and British Columbia have been removed. Alberta processed fluid milk is being sold in British Columbia and Saskatchewan. The Board has been instrumental in facilitating interprovincial trade.

Other organizations rely on the Board's audit function to verify data accuracy. The audit function also ensures accurate producer payment. Agencies such as Statistics Canada and the Canadian Dairy Commission use information provided by the Dairy Board, eliminating duplication and improving information gathering efficiency.

A Provincial Milk Equalization payment system is operated by the Board. This procedure depends on a high level of cooperation between processors and the Board. Very tight time lines are maintained to equalize \$27 million in monthly payments between processors who, in turn, make payments to producers.

The Board provides the registry for all quota records in Alberta. The Board administers quota transfers that often involve lender security, assignment of producers to specific processors for payment, and collection of levies as the agent for the Canadian Dairy Commission.

Producers and processors also benefit from management extension services offered by Board staff.

## **Foundation**

### **Mandate**

Ensure an adequate supply of safe quality dairy products are available to consumers at reasonable prices by ensuring that policies and services support a profitable, competitive market-driven Alberta dairy industry.

### **Roles and Responsibilities**

The Alberta Dairy Control Board is in the business of agriculture and food industry development. Orderly application of matching production to consumer demand ensures a stable market and stable price. The Board acts as the industry referee by providing an appeal mechanism for producers, processors, consumers and government. Development of policies in consultation with industry fosters a competitive market-driven dairy industry and encourages value-added processing in Alberta.

Dairy farmers, processors, consumers, lending institutions, milk haulers, distributors, food retailers, provincial government departments, federal government departments and agencies and educational research institutions are clients of the Board.

### **Industry Needs and Opportunities**

Alberta processors process 100 percent of the raw milk and cream produced in the province. The farm gate value is \$340 million, the wholesale value of processed dairy products exceeds \$690 million. Competitive forces within Canada challenge the industry to process products that are in higher consumer demand. Alberta has many natural advantages for expanded production and value-added processing.

Alberta producers are among the most efficient in Canada. Average herd size and production per cow is nearly the highest in the country, comparable only with British Columbia.

Alberta has a disproportionately smaller share of the national quota for industrial milk compared to our population. Moderate growth opportunities exist if we are successful in negotiating more market share quota for Alberta producers.

Processor efficiency suffers from lack of scale and increased distribution cost in comparison to Ontario and Quebec processors. We must encourage increased plant through-put and ensure processing and distribution costs are not unnecessarily increased by demands of government.

Producers benefit from an independent agency that has access to client confidential records to ensure accurate and timely payment.

The Board will continue to strive to simplify the quota administration and reduce cost to industry.



Additional market opportunities exist for producers and processors. Increased market access has been negotiated under GATT. An Optional Export Program is now available for producers and processors without the constraints of the quota system. A system of pooling special class market returns will replace the majority of the levy system.

## **Programs and Services**

The Dairy Control Board acts as the industry referee. Alberta is unique in Canada in that we have an operating structure that brings producers and processors together on a routine basis to discuss industry issues and make recommendations to the Dairy Control Board. By performing this role, we will minimize the conflict and turmoil experienced in other provinces.

The Board provides an appropriate appeal mechanism for producers, processors, consumers and government. With strong enabling legislation, the Board can provide services which limit unnecessary legal costs and court challenges.

Interprovincial trade is important to Alberta. The Board must assist in facilitating complete removal of all interprovincial trade barriers for milk and milk products.

To ensure accurate producer returns, processor records are audited. Board staff provide technical assistance to producers and processors on payment procedures. In addition, the Board offers liaison with the Canadian Dairy Commission respecting payment, special class pooling and levy deductions.

A market-responsive dairy industry will be competitive. Deregulation that stimulates a more competitive market-driven industry while providing an orderly transition period is a goal. The deregulation process must continue. Change can be managed to prevent short-term economic disruptions.

The board provides service to the industry by calculating producer payment through a price equalization pool.

The Board sets the farm gate price of industrial milk. In addition, the Board administers the producer price and the wholesale price of milk as set by the Energy and Utilities Board under authority of the Dairy Board Act.

Milk allocation to processors to achieve the highest possible producer returns from the highest value-added processing is a Board responsibility.

The Board is responsible for issuing fluid quota (liquid milk) and market share quota (industrial) to producers. As part of the service, the Board maintains a registry of licensed producers, quota allotments, security documents on behalf of producers and lenders, collects data and supplies statistics to the Canadian Dairy Commission, Statistics Canada, Alberta government agencies and the dairy industry.

Regional pooling, quota movement and administration is a long-term goal.

## Measurable Results

**Industry referee** - all issues are addressed immediately, with courtesy and with widest possible input to arrive at a fair and reasonable resolution.

**Appeal board** - all appeals are received in writing and are reviewed by the Board at the earliest date the information is available. Personal appearances before the Board are available.

**Interprovincial trade** - all restrictions on the movement of milk or milk products out of Alberta have been removed. Processors pay the appropriate Alberta class price. Any processor who wants to move product in or out of Alberta receives complete cooperation, providing accurate accounting for the product is maintained. Regional pooling, quota movement and administration is a long-term goal.

**Audit** - processor and producer records are examined in sufficient detail and any necessary adjustments are made to achieve accurate payment.

**Deregulation** - opportunities to further deregulate aspects of the dairy industry will be pursued. Preparing the industry for more global trade requires simplification of regulations.

**Producer payment** - all producers are accurately paid.

**Milk pricing** - adjustments are made to the price of industrial milk to provide adequate producer return and keep the Alberta further processing industry competitive.

**Milk allocation** - the cascading demand principle be implemented in a manner that generates the highest possible producer returns.

**Quota administration** - respond to market demand by allotting quota in sufficient quantities to bring about an adequate supply of fresh milk to meet consumer demand.

## Operations

The Board is composed of five members appointed by the Lieutenant Governor in Council. Policy Committee made up of key industry and government personnel provides advice to the Board on policy issues.

Alberta is a member of the National Milk Marketing plan; the Chairman of the Dairy Control Board is one signatory. Through the Canadian Milk Supply Management Committee, the Board provides input to the Canadian Dairy Commission on policy matters affecting the Alberta dairy industry.

An administrative staff complement of 10 is employed to carry out Board policies and procedures. Staff expertise includes an auditor, business analyst, quota systems personnel, key punch and administrative support. In-house computer capability that maintains quota, and shipment data, receives and disperses electronic data with outside agencies with Internet capabilities, will meet industry needs for several years.

## Financial Plan

### Alberta Dairy Control Board Revenue and Expenditure Summary

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/2000 Projection	2000/01 Projection
<b>Revenue</b>					
Transfers from the Province	139	139	149	139	139
Producer Assessments	691	864	430	430	430
Processor Assessments	218	216	221	221	221
Other	3	--	--	--	--
<b>Total Revenue</b>	<b>1,051</b>	<b>1,219</b>	<b>800</b>	<b>790</b>	<b>790</b>
<b>Expenditure</b>					
Dairy Board Operations	1,122	1,289	800	790	790
<b>Total Expenditures</b>	<b>1,122</b>	<b>1,289</b>	<b>800</b>	<b>790</b>	<b>790</b>
<b>Net Surplus (Expenditure)</b>	<b>(71)</b>	<b>(70)</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: Deficit budgets for 1996/97 and 1997/98 are financed from Board reserves to cover unexpected costs associated with an ongoing investigation of producers and processors operating without licences, and additional computer purchases associated with audit activities.

## Implementation, Action or Work Plans

The Board must maintain an impartial, open approach that permits producers, processors, consumers and government to have issues reviewed and resolved in a cost-effective manner.

Policies that encourage and capture growth opportunities must be developed. Maintaining and increasing production and value-added processing is a priority. Assisting organizations who are seeking markets beyond provincial boundaries is also key.

Information gathering and data transfer must be accurate and timely. Statistics Canada, Agriculture Canada, Canadian Dairy Commission and AFRD depend on the integrity of the Board's data. Audit procedures are necessary to verify data for statistical uses, as well as accurate producer payment.

The deregulation process must continue to promote a competitive market-driven dairy industry. Short-term industry and price stability must not be sacrificed for the sake of deregulation and change. Supply management has proven to be an effective tool in ensuring consumers receive a quality product on a continual basis at stable prices. Industry investment in production and processing facilities is indicative of the stability brought about by supply management.

The Dairy Control Board is currently 82 percent industry-financed. Complete self sufficiency is a reasonable longer-term goal, providing appropriate enabling legislation is in place. Consistency in terms of cost recovery compared to other agriculture sectors is a reasonable goal.



Calculation of producer payment through a price equalization pool is a key function of the Board. It is a reasonable goal to create a regional or western Canadian system.

Alberta is in a position to provide proactive leadership to the western Canadian dairy industry. Managing change is essential. Using the existing resources and expertise, the Board can service the needs of producers, processors, consumers and government in meeting future challenges.

A short-term project aimed at bringing illegal milk producers and processors within the law is a priority. This will be a joint venture with the Canadian Dairy Commission, Agriculture Canada and Alberta Agriculture, Food and Rural Development.

## **Appendix 5 Farmers' Advocate and Farm Implement Act Administration**

### **Business Plan 1998/99 to 2000/01**

#### **Executive Summary**

It is important that those involved in agriculture be offered every opportunity to avail themselves of the Alberta Advantage.

The Office of the Farmers' Advocate will continue to act as an independent source of information and provide mediation covering all concerns raised by rural Albertans relating to agriculture or outside influences affecting their property.

Several amendments to the regulations under the Alberta Farm Implement Act, respecting harmonization, have been completed and legislated. Any further amendments will require opening the Act up for a complete review, which is tentatively scheduled for 1998.

This office will continue to liaise with all stakeholder groups including Provincial and Municipal Governments to assure that those involved in agriculture have access to the information necessary to improve their competitive advantage.

#### **Introduction**

The agriculture industry in Alberta finds itself immersed in a rapidly changing world. The rural community has to adapt to new methods of doing business in a fiercely competitive marketplace. Information and technology changes occur daily. The traditional role of government is also changing. All these factors place pressure on farmers, ranchers, and landowners in rural Alberta. Growth in Alberta's agriculture sector is also expected to continue to expand well into the 21st century. It follows that increased demand will be made on the Office of the Farmers' Advocate.

The Farmers' Advocate supports all the Ministry goals, identifying more closely with Goals #2, #4 and #6. Through the administration of the Farm Implement Act and its related regulations, Ministry Goals #2 and #4 are met by working with industry and farmers to improve industry service, quality and cost competitiveness together with increasing the diversity of industry commodities, products and services. Utmost effort is made to keep both new and old machinery working longer and more efficiently, as well as supplying information on the latest trends and practices in agriculture. In addition, the Farmers' Advocate Office is attempting to fulfill Goal #6 by providing input to stakeholder groups and individual farmers on issues that will improve the stewardship of natural resources for agriculture, industry and public benefit. Some of these issues involve surface disturbance and subsequent reclamation of well sites, pipelines, abandoned railways, gravel sites and roadways.

## **Nature of the Farmers' Advocate**

From the time of its inception some 20 years ago, the Farmers' Advocate has fulfilled a promise made by the provincial government to provide information on topics of interest and concern to rural Albertans, as well as a mechanism of dispute assistance and resolution. The Farmers' Advocate has the latitude and flexibility to involve itself in any issue that may effect rural Albertans. This has enabled the Advocate to provide an independent perspective outside of any sphere of influence.

With the role of both municipal and provincial governments changing rapidly, rural Albertans will have difficulty in finding their way through the maze. The Farmers' Advocate is able to offer assistance effectively in directing them to the appropriate agency. In disputes between individuals and local governments, these complaints are advanced to the respective bodies and information requested. If the complaint is justified, measures are taken in an attempt to find a solution to the problem. The Farmers' Advocate has maintained very good working relations with all levels of government.

The Farmers' Advocate, as mediator and facilitator, handles a wide range of agricultural and people-related concerns which include surface and mineral rights, livestock, drainage, financial concerns, disputes with neighbours, trespass, machinery complaints, and concerns relating to provincial and municipal regulations and statutes.

## **Strategies for the Future**

The Farmers' Advocate will continue to deal with diverse issues brought forward by rural Albertans. The office will provide a one-window source of information and dispute resolutions.

It is apparent that oil and gas industry activity is increasing rapidly in Alberta and the need for further information will continue, particularly as the energy industry uses new technologies that may provide efficiencies to that industry, but not necessarily to the rural community. In addition, the office will be called upon more frequently than it has in the past to act as an appeal body in concerns with the Department of Transportation & Utilities, the Department of Environmental Protection (Refined Hydrocarbon Impact Program) and the Alberta Energy & Utilities Board (Water Well Restoration or Replacement Program) as well as being the official mediator for the Alberta Association of Municipal Districts and Counties. This office is perceived to be unbiased and there have been informal suggestions that the role of an appeal agent be expanded to include additional agencies as the expected reduction of provincial programs and services impact rural Albertans.

The requirements of the Farm Implement Act will change as technology and economy change. The number of rural dealers in Alberta is expected to continue to decline as consolidations of dealerships continue. The changes may be profound, but as yet, are not measurable. The Farm Implement Act is effective and accepted in the industry. The Act will continue to be monitored to assure it meets the needs of Alberta farmers.



The Farm Implement Act Administration has developed, and will continue to update and expand on its present, "Parts Source for Obsolete Implements". This obsolete implement parts list has been distributed to all licensed dealers throughout the province. It is anticipated that this list will reduce the parts source enquiries by approximately 25 percent or 500 calls per year.

The Farmers' Advocate will consult with all farm organizations in Alberta in developing programs and policies for the benefit of agriculture when required.

This office will continue to develop and release information packages to help Albertans become more self-reliant.

## Financial Plan

The Farmers' Advocate will continue to deliver the current high level of service to our clients with the projected annual budget of \$399,000.

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/2000 Projection	2000/01 Projection
Expenditure	389	393	399	399	399

## Key Results

- In preparation for a full review of the Alberta Farm Implement Act in 1998, we will continue to address the synchronization of the Act with the other prairie provinces.
- We will continue to be proactive in developing criteria for all phases of reclamation, including surface leases, rail beds and roadways.

## Conclusion

The main objective is to provide our clients with the best information available. Our clients dictate the direction the agency will take, therefore, the utilization of the Farmers' Advocate by rural Albertans may introduce administrative reform in procedures, thus enhancing them to compete in the global marketplace.

The Office of the Farmers' Advocate continues to support the Ministry's goals. Its priorities are to ensure that the farmer's competitiveness, knowledge, skills, and stewardship of the soil and water will increase and improve.



## **Appendix 6    Irrigation Council**

### **Business Plan 1998/99 to 2000/01**

#### **Irrigation Council Mission**

**To support the effective management of irrigation districts and rehabilitation programs to achieve a sustainable irrigation industry.**

All Irrigation Council Strategies and activities are centered around the Ministry's Mission "**we will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services**", and fall under the **Ministry Goals #4, 6 and 7.**

Ministry Goal #4 -    Increased diversity of industry commodities, products, and services.

Ministry Goal #6 -    Improved environmental stewardship.

Ministry Goal #7 -    Improved management of the Ministry's resources.

A reliable irrigation water supply infrastructure in the southern part of the province provides opportunity for a multitude of options for agricultural producers and processors. Thirteen organized irrigation districts manage and administer their water delivery infrastructure, including 80 man-made water bodies, to deliver water to 1.26 million assessed acres of irrigation. They provide municipal water to 48 communities, domestic water to over 5,000 rural residences, plus water for recreational and fish and wildlife habitat opportunities. The irrigation infrastructure improves quality of life, enhances the family farm and other agricultural businesses, encourages decentralized population growth and contributes 36,500 jobs to the provincial economy. Council's objective is to support the irrigation districts to do the best job possible.

#### **Ministry's Primary Clients**

Those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

#### **Irrigation Council's Primary Clients**

Irrigation Council's primary clients are the Minister of Agriculture, Food and Rural Development and the thirteen Irrigation Districts - their Boards of Directors and management staff. Since the irrigation district boards are elected by and to serve the district water users, Council considers the water users (collectively) to be important secondary clients.



## Authority:

THE IRRIGATION ACT (R.S.A. 1980, CH. I-11) Section 4 states "There shall be an Irrigation Council....". Council's responsibilities and authority are specified in the Act.

**Ministry Goal #4: Increased diversity of industry commodities, products and services. (For our purposes, the key points are affordable, reliable irrigation infrastructure to facilitate adding value through diversification.)**

Irrigation Council Strategies	Irrigation Council Actions
1) Encourage the availability of effective and efficient irrigation works for present and future generations.	<ol style="list-style-type: none"><li>1) Review and approve Irrigation Rehabilitation Program project proposals for adherence to accepted design standards and policies, while accommodating multiple purpose use of water if compatible with the supply of water to irrigated lands.</li><li>2) With assistance from departmental staff, work with irrigation districts in reviewing and updating current design and construction alternatives, standards and policies.</li><li>3) With assistance from department staff, monitor adherence to accepted design and construction standards and policies. Act on deviations.</li><li>4) In consultation with irrigation districts, ensure that they have a maintenance program in place that will maximize infrastructure life, thereby protecting the provincial investment.</li><li>5) With the expertise of departmental and irrigation district staff, consult and assist the irrigation districts with planning for long-term rehabilitation and maintenance and the development of maintenance guidelines.</li><li>6) Keep members of the legislature and senior government officials informed on irrigation-related matters.</li></ol>
2) Advocate appropriate irrigation infrastructure funding support.	<ol style="list-style-type: none"><li>1) Implement the long-term Irrigation Rehabilitation Program.</li><li>2) Keep government apprised of the needs of the irrigation districts.</li><li>3) In consultation with the irrigation districts, inform the members of the legislature and senior government officials, of the need to provide additional funding to achieve a more timely rehabilitation of the un-rehabilitated major works.</li></ol>

Irrigation Council Strategies	Irrigation Council Actions
3) Encourage and support rationalization of uneconomic irrigation district infrastructure.	1) Request appropriate special studies. 2) With the expertise of departmental staff, consult and assist the irrigation districts with planning for long-term rehabilitation and maintenance. 3) In consultation with the irrigation districts, work towards achieving a rationalized, economic irrigation district infrastructure and secondly, provide the legal means to achieve this action.
4) Encourage the irrigation districts to be more financially self-reliant.	1) Review and support feasible applications for extended activities by irrigation districts.
5) Encourage a maximum irrigation district size compatible with the district allocated water with minimum risk to water users.	1) Review irrigation district assessment roll changes, ensure compliance with the regulated expansion limit as tied to licensed volumes. 2) Support the collection of accurate data in regards to crop water use, crop mix, risk, and distribution efficiencies to allow for an accurate determination of feasible irrigation district size.

**Ministry Goal #6: Improved environmental stewardship. (For our purposes, the key points are sound water management decisions, e.g., allocation, distribution, use, and sustainable soil and water quality, e.g., land classification, preventing seepage.)**

Irrigation Council Strategies	Irrigation Council Actions
1) Encourage irrigation districts to develop plans for long-term rehabilitation and maintenance.	1) Ensure seepage control is considered as part of rehabilitation plans.
2) Encourage the long-term sustainability of irrigated land.	1) Ensure the use of pertinent, current, long-term Land Classification Standards and act quickly on non-compliance.
3) Encourage research and development of ways to increase water supply and distribution efficiencies within the irrigation districts.	1) Encourage irrigation districts to monitor, measure and record flows.
4) Promote the protection of water quality.	1) Encourage irrigation districts to educate users on minimizing or eliminating contamination. 2) Encourage the irrigation districts to pursue acceptable water quality in their supply system and in return flows, e.g., control right-of-way access, control land use, wherever possible.
5) Accommodate irrigation district plans for multiple purpose use of water and related land if compatible with the long-term supply of water to irrigated lands.	1) Review irrigation district proposed special agreements. 2) Consult with and advise irrigation districts on acceptable "other" uses.



**Ministry Goal #7: Improved management of the Ministry's resources. (For our purposes, the key points are improved payback from fiscal resources - return to provincial investment - responsibilities under the Irrigation Act - staffing (human resources) that Council use as resources, quality services to client.)**

Irrigation Council Strategies	Irrigation Council Actions
1) Encourage/promote optimum benefits from the government investment in irrigation district infrastructure.	1) Implement the long-term Irrigation Rehabilitation Program. 2) In consultation with irrigation districts, ensure that they have a maintenance program in place that will maximize infrastructure life, thereby protecting the provincial investment. 3) Act on any concerns where irrigation districts are deviating from Council policy or the Irrigation Rehabilitation Financing Agreement. 4) Conduct periodic review of the funding program.
2) Encourage fiscal responsibility by irrigation districts.	1) Review and approve those irrigation district financial activities as required by the Irrigation Act. 2) Review and evaluate proposed annual irrigation district expenditures and Audited Financial Statements. Follow-up, act on any concerns. 3) Act on any concerns where irrigation districts are deviating from Council policy or from sound management practices.
3) Promote full knowledge of and compliance with the Irrigation Act.	1) Provide quick and accurate communication on any non-compliance with the Irrigation Act. 2) Provide advice and coaching to all clients regarding knowledge and compliance with the Irrigation Act. 3) Participate in related information seminars.
4) Maintain a high degree of service to clients.	1) Encourage departmental support staff to obtain the training and experience to provide technical support. 2) Encourage Irrigation Council members to obtain training and experience. 3) Recognize departmental employees for their contributions.
5) Encourage implementation of an effective appeal procedure.	1) Review the role of the Irrigation Appeal Tribunal and Irrigation Council in handling appeals.
6) Keep the Irrigation Act updated to meet current needs.	1) In consultation with irrigation districts, recommend appropriate amendments to the Irrigation Act.

## **Irrigation Council Key Directions**

Council's main efforts will be to:

- 1) Provide advice to the Minister of Agriculture, Food and Rural Development on major issues such as funding requirements, irrigation expansion limits, water management, and recommend appropriate legislation.
- 2) Review and monitor the fiscal and operational activities of the thirteen irrigation districts and, if necessary, coach them for possible improvements to policies and methods for administration and operation.
- 3) Work with the Alberta Irrigation Projects Association (AIPA) to achieve common aims and goals.
- 4) Work with the irrigation districts and the Irrigation Branch to ensure maintenance guidelines are developed and implemented.
- 5) Administer the long term Irrigation Rehabilitation Program.
- 6) Implement the Major Works Funding Program.
- 7) Implement the new Irrigation Act.

## **Measurable Results**

(Key results, performance measures and indicators particular to Irrigation Council's specific operations, from its supervisory and advisory role.)

Irrigation Council's success will be measured by:

- 1) Irrigation districts' annual evaluation of Council's effectiveness.
- 2) The number of justifiable or realistic complaints by water users on irrigation district operations that come to Council for decision.
- 3) Adoption by irrigation districts of a structured approach to maintenance management.
- 4) Number of irrigation districts who are improving their water measurement network.

## Financial Plan

The following table summarizes Irrigation Council's expected expenditures as projected in the Ministry's Business Plan.

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/2000 Projection	2000/01 Projection
Grants to Irrigation Districts:					
IRP*	19,698	14,702	17,200	17,200	17,200
IDREF*	1,694	0	0	0	0
Council Administration	<u>254</u>	<u>242</u>	<u>245</u>	<u>245</u>	<u>245</u>
<b>Total Expenditures</b>	<b>21,646</b>	<b>14,944</b>	<b>17,445</b>	<b>17,445</b>	<b>17,445</b>

\* The Irrigation Rehabilitation Program (IRP) consists of \$17.2 million per calendar year. In 1996-97, the funds were allocated such that \$2.498 million was disbursed before March 31/97 and \$14.702 million disbursed after April 1/97.

\*\* The Irrigation District Rehabilitation Endowment Fund (IDREF) was originally created with funds from the Alberta Heritage Savings Trust Fund.





# **Appendix 7   Surface Rights Board/ Land Compensation Board**

## **Business Plan 1998/99 to 2000/01**

### **Executive Summary**

The Board has been able to stabilize Surface Rights in Alberta with a minimum of appeals from their decisions. Training of Surface Rights Board members to handle Land Compensation Board issues continues.

### **Mission Statement**

To maintain a quasi-judicial system for a just, economical and timely process for all parties, while upholding the integrity of the Acts (system) for the protection of landowners expropriated or affected by right of entry while ensuring the ability to extract minerals in a timely manner for the benefit of all Albertans.

### **General Board Overview**

The Surface Rights Board (SRB) and the Land Compensation Board (LCB) are quasi-judicial compensation Boards and the operations are dictated by the two Acts. There are at least eight other provincial Acts which also impact on the Boards, plus judicial precedents through the Courts. The Boards are reactive (service on demand). Therefore, the workloads are determined by outside sources. Besides compensation hearings, the Board members and staff work at solving problems and giving information to the public with an eye to reducing the number of hearings required.

### **Environmental Issues**

Due to the nature of the Boards' mandate (compensation setting), there is no impact on the environment by the operations of the Boards. All environment issues before the Boards are dealt with by the appropriate agencies.

### **Goals**

Under the Ministry's seven goals, the LCB and the SRB have incorporated goal #7 -- "Improved Management of the Ministry's Resources" -- as the guide for developing the Boards' goals.

## **1. Membership - Surface Rights Board/Land Compensation Board**

A new Board member was appointed by the open selection process of the government. Training will continue for the existing Board members and the new member.

## **2. To continue review of administration for cost savings**

The expenditures of the SRB for 1984/85 were \$1,389,332. On April 1, 1985, a new chairman of the Surface Rights Board was appointed. On April 1, 1991, the SRB and LCB were amalgamated administratively, with the SRB chairman and vice-chairman appointed as chairman and member of the LCB.

In 1996/97, the expenditure of the SRB and LCB was \$1,154,839, or approximately \$234,493 less than 1984/85 expenditures of the SRB alone. The above figures do not include \$15,275 in 1984/85 and \$817,969 in 1996/97 for grants under Section 39. These grants are not controllable by the SRB, but disbursements are mandated under Section 39 of the Surface Rights Act. The average expenditure of the LCB for the two years prior to amalgamation of the Boards was \$350,000 per year.

The cross-training of our staff is continuing, workloads permitting, to achieve the ability to better allocate our staff resources. The oil industry is still experiencing a high level of activity which does impact our workload. We are unable to forecast any diminishing of our involvement in the foreseeable future.

## **3. Section 39 of the Surface Rights Act**

The Alberta Energy and Utilities Board and the energy industry now have a process in place for orphan wells. During the 1998/99 year we will be working with them closely and monitoring the system. The Department of Environmental Protection and also Crown Debt Collections are part of the process and we will be working to coordinate our activities. We are not expecting an impact on Section 39 payments this year, but are hopeful for the longer term.

## **Financial Plan**

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/2000 Projection	2000/01 Projection
Expenditure	1,921	2,198	2,118	2,118	2,118



# **Appendix 8    Agricultural Products Marketing Council**

## **Business Plan 1998/99 to 2000/01**

### **Executive Summary**

Marketing Council is an integral agency of the Ministry and is in the business of assisting the producer commodity organizations who use the Marketing of Agricultural Products Act. Its roles and responsibilities are defined by statute and consist primarily of:

- advising the Minister;
- administering the legislation;
- establishing, administering, and ensuring enforcement of approved marketing regulations; and
- supervising the operations of the boards and commissions.

There are sixteen boards and commissions presently incorporated through the legislation. They represent almost four billion dollars in farm cash receipts annually, or about four out of every five of our province's revenue from farming.

Council's activities facilitate producer initiatives in marketing, research and policy development. A current emphasis is to broaden the focus of commodity organizations beyond regulatory control by encouraging the development of sound business philosophy and strategic planning.

In line with the Ministry's business planning process, Marketing Council has revised its draft strategic plan. Council will continue to work closely with the Boards and Commissions, as well as the industry stakeholders, to communicate this plan and make necessary adjustments based on the feedback that is received.

### **Ministry Alignment**

The Ministry's Mission "to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services" is central in Marketing Council's activities as we serve the same client needs. Council also shares the vision of a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.

Council's emphasis however, is focused on providing the infrastructure necessary for the commodity groups to organize their policies, programs, and services. This will enable these organizations to assist producers in their efforts to be more profitable and globally competitive in Alberta's expanding agriculture and food industry.

Under the Ministry's seven goals, Marketing Council has incorporated Goals 1, 2 and 7 as a guide for the development of a number of their goals.

**Goal #1: Improved access to domestic and world market opportunities.**

A priority in Marketing Council's strategic plan is "enabling change in a regulatory environment". Marketing Council, through its working groups, will continue to encourage boards and commissions to explore emerging market information and opportunities. This, together with the promotion of a strategic planning process, is expected to focus boards and commissions on developing future marketing opportunities while ensuring their plans and regulations allow access to both domestic and world markets.

**Goal #2: Improved competitiveness of industry commodities, products and services.**

Legislation was put in place to review all government regulations over a five year period. Under this legislation, the regulations for Marketing Council together with the plans and regulations of the sixteen Boards and Commissions, must be reviewed and either amended or reconfirmed. In this review process, Marketing Council through the establishment of working groups, is attempting to instill and support a culture of on-going policy, plan and regulation updating. At the same time, Boards and Commissions are encouraged to address the continuous need for improving the competitiveness of commodities, products and services. Council will continue to encourage consultation on regulatory and other issues between Council, boards, commissions, producers, industry, and Ministry.

**Goal #7: Improved management of the Ministry's resources.**

Marketing Council will continue to work closely with the Minister, department, producer boards and commissions, as well as other industry stakeholders, to communicate their draft strategic plan and to make adjustments as needed based on feedback.

"Effective working relations" is core to Marketing Council's strategic plan. Working groups for ongoing liaison; regular communication with the Minister, department, commodity organizations and related industries, together with the continued promotion and use of mediation and principled negotiation in resolving industry conflicts are expected to assist Council in improving working relations. Council will also continue to strengthen the Council team by enhancing its communication system to keep members and staff abreast of issues; and conducting an annual survey for members-staff and implementing changes as required.

As a means of encouraging stronger relations and strategic alliances, Marketing Council has committed to participate in, or facilitate, joint industry educational initiatives. These may be in the form of programs, seminars or workshops and will be based on industry requirements and response to surveys.

As part of the strategic planning process Marketing Council undertook a survey of all sixteen boards and commissions requesting their opinions on Council's activities and where improvements could be made. Council will consider these recommendations for improved quality of service in future planning and will continue to conduct annual surveys for feedback and guidance.

Council Members and Staff will continue to be encouraged to seek out training and educational programs that will add to their skills and abilities in carrying out both their Council and professional related activities as outlined in the Department's Human Resource Development Strategic Plan. All Members and Staff will continue to take an active role in developing and implementing Council's Draft Strategic Plan, and will be aware of Council's role within the Department and its overall Business Plan.

### **Future Plans:**

- Continue to encourage boards and commissions to communicate more with its producers, and to continue to disseminate relevant market and trade related information to its producers and consider the ramifications of such information when requesting and considering regulatory changes.
- Continue to work with all boards and commissions in their efforts to complete and benefit from the government mandated regulatory review process.
- Continue to seek means of reducing the costs of delivering Council services, and carrying out its supervisory responsibilities.
- Continue in our efforts to improve two-way interdepartmental communication on information relative to Council's activities. Provide and seek information to and from product teams and departmental staff and committees as appropriate.

### **Financial Plan**

Council has taken steps to streamline and become more efficient, and this process will be continuing. Marketing Council, in agreement with the Boards and Commissions in Alberta, continues to have in effect a fee for service policy to cover the costs of a number of services that Council provides.

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/2000 Projection	2000/01 Projection
Expenditure	442	509	513	513	513

### **Current Use of the Legislation**

There are currently sixteen producer boards and commissions established under the Marketing of Agricultural Products Act. Also, there are other commodity groups which are considering becoming a board or commission. Appendix I lists the various commissions and boards now in operation and outlines their primary functions.



## Attachment 1

Board or Commission	Function/Purpose
Alberta Barley	To coordinate, sponsor or co-sponsor on behalf of farmers, agronomic research, market development and promotion, information and technology transfer and policy development.
Alberta Canola Producers	To develop and implement projects and programs to increase and improve the production and marketing of canola, inform producers and advise governments on matters concerning the canola industry.
Alberta Cattle	To enhance the economic well-being of the Alberta cattle producers by lobbying government, enhancing the industry's image, promoting beef to consumers, liaising with producers and executing industry programs and services.
Alberta Chicken Producers'	To regulate the production of chickens, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Egg Producers	To stabilize the egg industry against extreme fluctuations in price, improve the monetary returns to producers, monitor the quality of eggs, improve productivity through research and encourage consumption of fresh eggs.
Alberta Hatching Egg Producers	To regulate the production of hatching eggs, to negotiate prices to be paid to producers, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Pork Producers	To provide effective promotion and regulation in all aspects of the marketing of Alberta slaughter hogs.
Potato Growers of Alberta	To establish and maintain a minimum price on all table and seed stock, excluding potatoes for processing, sold in Alberta.
Alberta Pulse Growers	To provide responsible leadership in the development of a progressive, viable pulse industry in Alberta.
Alberta Sheep and Wool	To initiate, support or conduct programs that stimulate, increase and improve the economic well being of the sheep industry by developing better marketing methods, grading standards, and research and development programs.
Alberta Soft Wheat	To develop and implement projects and programs to increase and improve production, promote research and improve marketing of Alberta grown soft white spring wheat.

Board or Commission	Function/Purpose
Alberta Sugar Beet Growers	To negotiate prices to be paid to producers, to allot production quotas and to improve and increase the production and marketing of sugar beets.
Alberta Turkey Growers	To regulate the production of turkeys, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Fresh Vegetable Producers	Not active.
Alberta Vegetable Growers'	To negotiate with the processor the prices and the terms of an annual agreement on behalf of the producers of vegetables grown for processing.
Alberta Winter Wheat	To develop and implement projects and programs to increase and improve production and marketing of Alberta-grown winter wheat.



## Appendix 9 Alberta Grain Commission

### Business Plan 1998/99 to 2000/01

#### Executive Summary

The Alberta Grain Commission's mission is:

**To ensure that policies and programs meet the needs of farmers and promote a viable market-driven *farm and agri-food* sector.**

The Commission's goals are:

1. To maximize the long-term interests of farmers and thereby enhance the strengths of our people, families and communities.
2. To improve the grain industry's ability to access and respond to dynamic domestic and world market opportunities.
3. To improve the grain handling and transportation service, quality and cost competitiveness.
4. To increase the grain industry's ability to diversify and add value to the crops produced and products manufactured.

The Commission's primary mandate is to develop policy recommendations to the Minister concerning the Alberta grain industry. As well, the Commission advocates policies as set out by the Minister. Effective liaison is maintained with farmers, other governments, commodity organizations and grain traders.

#### Introduction

The Alberta Grain Commission was established in 1972 to examine all facets of the Alberta grains industry for the purpose of developing policy recommendations to the Minister, and advocating policies as set out by the Minister or as adopted by the Commission. In addition, it is to maintain liaison with farmers, other governments and organizations necessary to carry out its objectives, and to carry out operational plans and programs to achieve such policies, goals or objectives as may be designated by the Minister.



The Alberta Grain Commission's 1998/99 to 2000/01 business plan will focus mainly on Ministry goals 1, 2 and 5. These goals are:

1. Improved access to domestic and world markets opportunities.
2. Improved competitiveness of industry commodities, products and services.
5. Increase responsibility of industry to manage risk.

### **Expected Long-Term Results**

1. Increases in Alberta Farm Cash Receipts from crops.
2. Increases in Realized Net Farm Income.
3. Less fluctuation in Net Farm Income.
4. Increases in value of exports of grain and grain-derived food products from Alberta.
5. Increases in overall employment in the agriculture, agri-food and agri-business.

### **Long-Term Strategic Plan**

1. Maintain an effective interface with the Minister and ensure that recommendations of the Commission are communicated to the Minister.
  - a) The Chairman will provide the Minister with motions and recommendations emanating from Commission meetings together with related background information.
  - b) The Chairman will provide the Minister with an annual report on significant issues that the Commission has addressed.
2. Maintain contact with farmers and the grain industry to ensure that the needs of the sector are reflected in Commission recommendations to the Minister.
  - a) Commission Members will attend meetings of farm and grain-related organizations and develop appropriate relationships in order to keep the Commission apprised of industry developments.
  - b) Commission Members will jointly develop recommendations to the Minister, and for the operation of the Commission.

3. Promote and advocate policies which clearly support Ministry and Commission goals, and monitor and assess industry development to ensure that appropriate issues are being addressed in a timely manner.
  - a) Promote greater access of farmers to domestic and international markets by pursuing improvements to marketing systems for grains, oilseeds and special crops.
  - b) Promote changes and adjustments that will facilitate a more efficient and responsive grain handling and transportation system.
  - c) Pursue changes to the Canada Grains Act that will allow for improved marketing, handling and transportation efficiencies.
  - d) Review general marketing issues such as competition, terms of trade, price reporting, commodity futures contracts, and the contracting environment.
  - e) Review and make recommendations regarding input costs, input/output price relationships, research, conservation and environmental issues as they affect Alberta farmers.
  - f) Monitor the performance of provincial and federal/provincial programs benefiting Alberta farmers to ensure they are meeting program objectives as well as the needs of producers.

## Financial Plan

(\$000)	1996/97 Actual	1997/98 Forecast	1998/99 Estimate	1999/2000 Projection	2000/01 Projection
Expenditure	199	222	224	224	224







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